

Lancaster Absolute Return (IRL) Fund

Portfolio Manager Q4-24 Report

Summary

- The Fund declined -5.8% in Q4 net of fees. Given its geographical and factor positioning, it was somewhat of a perfect storm for which we take responsibility. The long equity book detracted -1.7% despite the market being strong. The short book detracted -3.9% in the quarter which represented positive alpha.
- Over the course of 2024, the Fund was very slightly up despite having the majority of its shorts in America and the majority of its longs in Europe. To put this into context, the S&P 500 outperformed the STOXX Europe 600 by more than 22% in total return dollars. There are both positives and negatives to take from this but overall we were disappointed not to make more progress in the year.
- We take the view that, in the long run, picking stocks on a bottom-up basis and being agnostic to where they are listed allows us to play to our strengths and gives us the best chance of outperforming the global index over the medium term. Whilst our long book has outperformed the MSCI World since inception, it has clearly been very difficult to have held such a substantial underweight in US equities recently. With a few exceptions, which we cover below, generally we have been pleased with how our long holdings are performing operationally. The major performance issue for the fund in 2024 was that its long book de-rated whilst the overall market, particularly the American market, re-rated significantly.
- President Trump winning the election was perceived as a positive for US equities. Our view is that, whilst a Trump presidency brings some clear benefits for US equities, it is not without risk and not as clear-cut as the market is implying. In Europe, the French Prime Minister resigned, Germany had its parliament unexpectedly dissolved and in the UK there were higher than expected corporate tax increases during the fourth quarter. Whilst we expect de minimis impact on the intrinsic value of our companies listed in Europe, which has been more than priced in, we can understand why flows of institutional money have been so negative recently.
- During the year, we managed to offset some of the poor factor positioning with some good stock-picking within our regions and sectors. Our long **Siemens Energy** was the best performing company in the STOXX Europe 600, while **Banca Monte dei Paschi**, **NatWest** and **Barclays** were three of the best performing European banks and **Liberty Global** was the best performing major European telecom. On the short side, we had some meaningful winners in **Novo Nordisk**, **ASML**, **Lululemon**, **Super Micro Computer**, **LVMH** and **Nike**. Many of these winners have been closed and reinvested into new ideas or existing positions that offer better risk return.
- There were some idiosyncratic disappointments in our long book in the shape of **Ubisoft**, **Frasers** and **Vistry**. That said we felt the market reaction was disproportionately harsh and we added to these positions. We are seeing an unusual amount of upside in our top long positions at present in the fund. The median P/E of our long book derated from 9.8x at the beginning of the year (using the 2024 year end positions) to 9.5x today. This derating happened whilst the S&P 500 re-rated by c.11% in the year to a P/E of c.22x. This rating difference is despite consensus believing that our holdings will grow sales and earnings in line with the American market in 2025 and with lower leverage.

Performance

-5.8% Quarterly performance
0.2% Year-to-date performance
6.0% CAGR since inception

These figures refer to the past.
Past performance is not a reliable indicator of future results.

Fund details¹

£ I Class	142.04
£ R Class	103.69
\$ I Class	147.49
\$ R Class	100.49
€ I Class	132.86
Fund Size	£87 million
Strategy AUM	£636 million
Fund Inception	11 Dec 2018
Class Inception	11 Dec 2018
Fund Type	Irish Long Short UCITS
Comparators	Primary: Cash
Base Currency	GBP

Portfolio Managers

James Hanbury

Jamie Grimston

Conclusion

Although we have an absolute return mandate and a rolling three-year correlation with the MSCI World at close to zero, it is always frustrating to make little progress when the market has a strong year. That said, having seen our long book de-rate and our short book re-rate in 2024, it does feel like the overall portfolio is extremely well set up coming into the new year and our conviction levels for our top positions are unusually high. For many of our long positions, it feels like strong operational performance in 2024 was not recognised by the market but this will be harder to ignore in 2025. Our long book trades at a c.50% discount to the MSCI World index and consensus expects higher sales and earnings growth from the Fund positions with lower leverage.

In the following pages we review performance drivers and fund positions in more detail.

Fund Objective

The Lancaster Absolute Return (IRL) Fund ("the Fund") is an unconstrained long/short equity fund that invests globally. The Fund will take long and short positions in publicly listed stocks with the aim of achieving absolute returns over a multi-year investment horizon. The strategy is underpinned by deep research undertaken by a team of experienced investment analysts with an average industry tenure of more than 20 years.

The key attributes of the strategy are as follows:

- A concentrated portfolio of best ideas
- Low correlation to global equity markets
- A bias in the long book to owner-managed businesses with an established history of excellent capital allocation

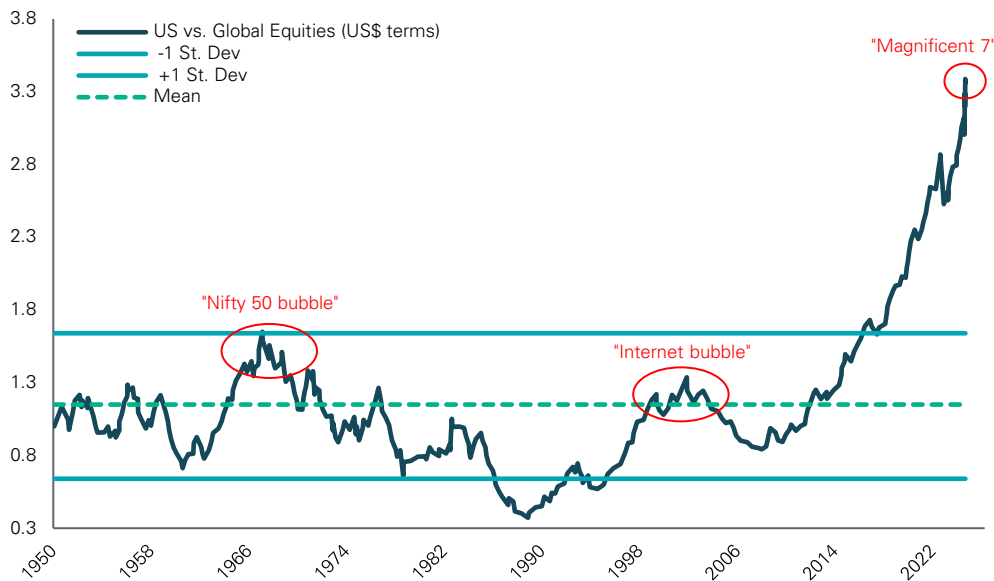
The Fund primarily invests in equities and may occasionally take positions in derivative, fixed income and credit securities.

Macro observations

2025 is going to be a **fascinating year geopolitically**: we should get greater clarity on America's trade and foreign policies, how European politics shapes up in France and Germany and in what form and how successful Chinese economic stimulus proves to be. Whilst we have no crystal ball with regards to these events, it seems clear to us that there will be both volatility and opportunity.

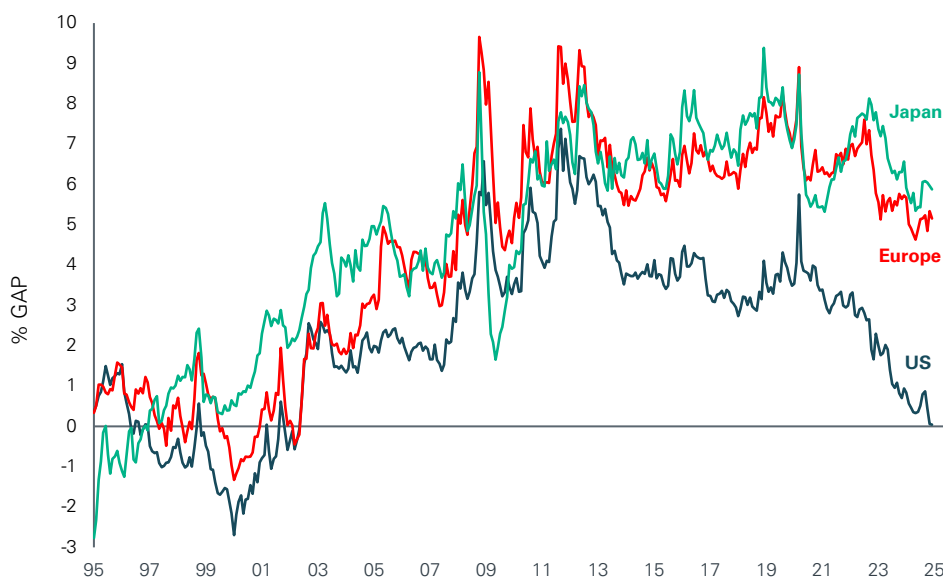
All other things being equal, US stock markets should be more attractive to invest in than other Western markets. However, our job is to assess what is already being priced in and what are the potential risks and opportunities. At present it feels to us that, after a period of extreme outperformance, **US markets have become overly optimistic** (certainly vs Europe) which is reflected in the respective equity risk premiums.

Exhibit 1: US vs Global ex-US equities (relative price performance, USD)



Source: BofA Global Investment Strategy, Global financial data, Bloomberg

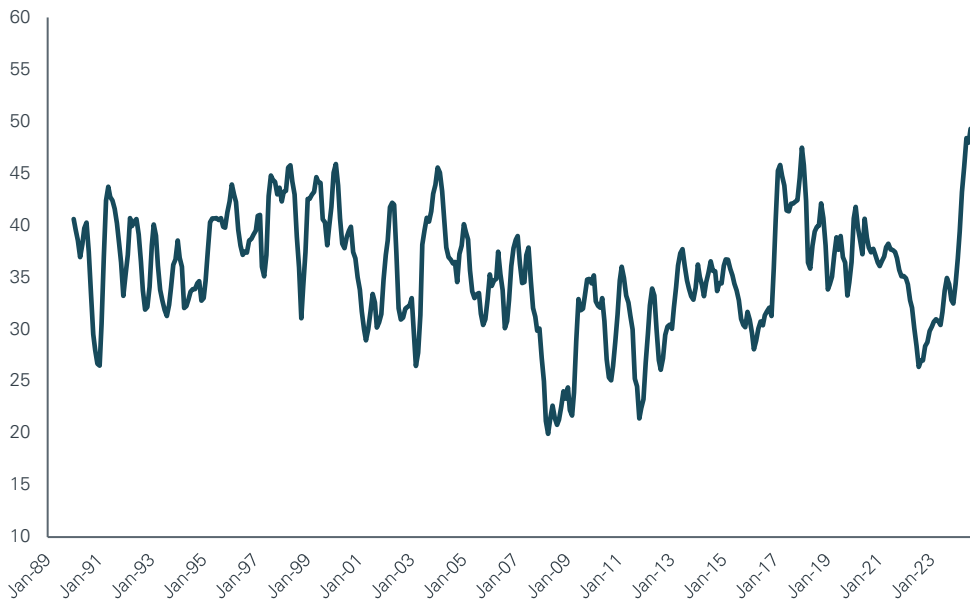
Exhibit 2: Prospective Earnings Yields in Europe, Japan and the US minus local 10 year bond yields



Forecast earnings yield on US MSCI less 10yr Treasury, forecast earnings yield on Europe MSCI less 10yr Bund, Japan MSCI less 10yr JGB. Source: Minack Advisors

There are many positive policies that one can take from a second Trump term with regards to US equities. The obvious ones are lower taxes, deregulation and a bias to US companies. That said higher discount rates, higher tariffs, increased churn of key administration personnel and a more volatile foreign policy would generally be considered poor for US stocks. This will be going on whilst the US fiscal deficit is at greater than 6% with the economy currently at full employment. The Elon Musk cost-cutting experiment is admirable and pioneering but could also go badly wrong. We very much hope the DOGE department succeeds in its objectives particularly as it creates an important and necessary template for some European countries to try and replicate in direction. We felt that the reaction in many US equities post the election was disconnected from the fundamentals, and where we made a mistake was in not giving enough weight to animal spirits.

Exhibit 3: Conference Board US consumer confidence survey: % of respondents expecting stock prices to rise over the coming year (3 month moving average)



Source: Bloomberg, the Conference Board

Looking forward, **we are retaining the Fund's underweight to the US market** given the extreme in enthusiasm, performance and relative valuation. Following such big moves in 2024, we feel that the portfolio is compelling. Among potential catalysts we would highlight the following:

- If President Trump can achieve his stated objective of **ending the war in Ukraine**, it should clearly be helpful to Europe by benefiting energy prices, consumer confidence and construction activity. It would be logical to expect European equity risk premiums to fall at that stage.
- **Lower interest rates** are important for driving a re-rating of the stock market. As things stand the market is expecting one 25bp cut for the US in 2025, two in the UK and three to four in Europe.
- Any sign of **the "AI boom" not living up to current expectations** could lead to a rapid and substantial correction in the US, particularly in those names that led the market up in 2024.
- **Creative destruction in the UK** creating opportunities for the strong.

In relation to the last point, one of the factors that weighed on our UK positions during the quarter was a greater than expected tax increase for corporations through employers' national insurance tax. By taxing labour and not increasing the taxes on profits we believe there will be some consequences for the UK economy that have been given little consideration. Clearly initially a higher tax on labour is bad for everyone, but we believe this will encourage creative destruction with weaker companies dying out and the strong benefitting. In effect, we are now seeing a reversal of the zombie asset environment that QE invoked and the companies that have invested more in automation should be better positioned. Ironically, this tax increase should improve UK productivity as those companies that can afford to invest in labour saving equipment will be more advantaged.

We believe that our UK exposed holdings are relatively well positioned for this environment as they either have lower wage/sales ratios than peers, having invested in automation or efficiencies (i.e. Frasers and AO), have higher margins than the average (i.e. Ryanair and Primark), or due to their industrial position they have pricing power (i.e. Ibstock and Forterra). Put another way, we believe this should be short term pain for long term gain for our UK positions which are higher quality than their average competitors. A period of UK stagflation is probable as corporations will be looking to enact price increases into a potentially weakening labour market due to its higher cost. Post year end we have implemented short sterling positions to reduce our exposure to the UK economy and increase the fund's sensitivity to idiosyncratic stock risk.

We have been asked by clients recently for our rationale behind investing in UK-listed stocks given how poorly the overall index has performed, resulting in a multi-year valuation discount. We see two potential paths for the UK stock market. Firstly the UK stock market becomes more attractive for investors and re-rates either due to regulatory/fiscal changes (for example, mandating of pension fund allocations to domestic equities, directing ISA tax incentives towards UK holdings only), or due to a perception change by the market. Or secondly the status quo continues, in which case we should continue to see the de-equitisation of the market through:

- Buybacks
- Public to private deals
- Industrial takeovers from foreign companies
- Re-listing of companies to the American market

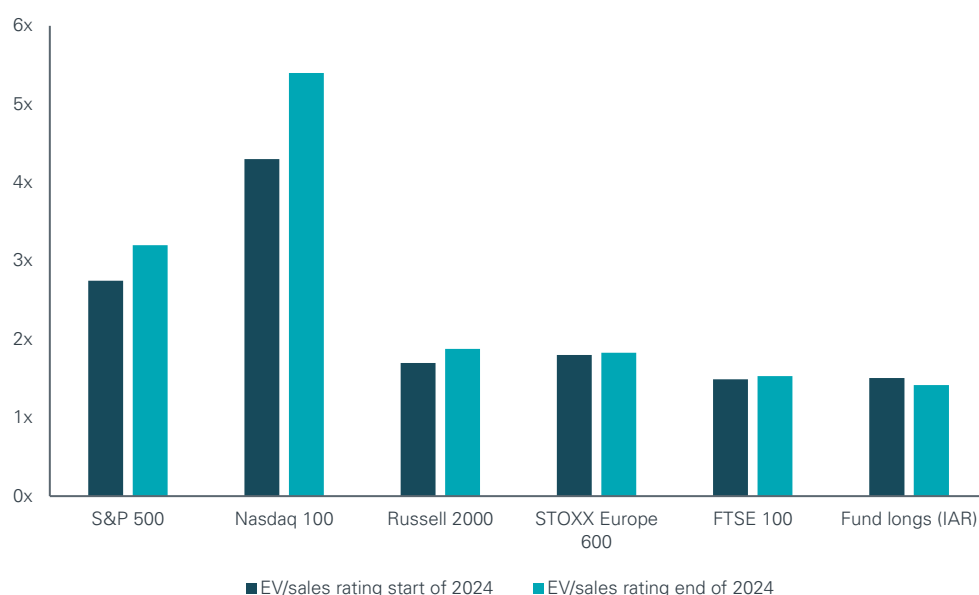
Given that modern stock markets thrive on momentum, a reversal of the long standing and severe negative UK market momentum and performance would likely lead to extremely strong UK returns.

Profile of the book

Given how disappointing the performance of our long book was relative to the market in 2024, we thought it would be a useful exercise for us and investors to dig further into the profile of the book. On average, our sales and earnings assumptions for our long book are ahead of consensus but for this exercise we have used Bloomberg consensus figures. When we compare start and year-end multiples of the portfolio, we have assumed that our year-end book was held at the beginning of the year.

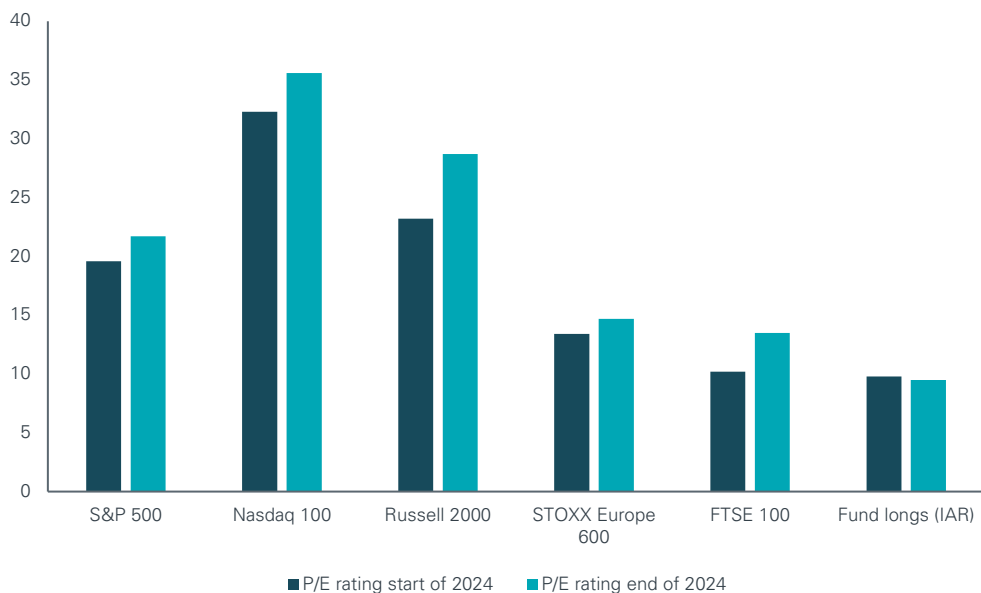
Whilst the market has rerated in 2024 for P/E and EV/sales multiples, the Fund long book has derated for both.

Exhibit 4: EV/Sales multiples for market indices and the Fund long book on 31st December 2023 vs 31st December 2024



Source: Lancaster Investment Management, Bloomberg

Exhibit 5: 12 month forward P/E multiples for market indices and the Fund long book on 31st December 2023 vs 31st December 2024



Source: Lancaster Investment Management, Bloomberg

We estimate that our sales exposure to the US economy is just under 20% of the Fund's long book with the profit exposure significantly higher. This exposure comes from our global businesses listed in Europe. One of the consistent areas of challenge we have had from investors has been along the lines of: "How can you get access to growth companies by being so underweight the US stock market and economy?". Interestingly, despite the huge multiple discount of our long book compared to the American market, consensus forecast sales and earnings growth for the next 12 months are in line with those for the S&P 500:

Exhibit 6: Earnings and sales growth forecasts, leverage and return on capital for market indices and the Fund long book

	Next 12m consensus forecast sales growth	Next 12m consensus forecast earnings growth	Post tax return on capital	Leverage (Net Debt/EBITDA)
S&P 500	6%	17%	7.8%	1.4 x
Nasdaq 100	10%	25%	8.3%	0.9 x
Russell 2000	8%	13%	0.5%	4.9 x
Euro Stoxx 600	4%	12%	3.5%	2.9 x
MSCI World	2%	7.4%	5.6%	1.6 x
FTSE 100	3%	17%	4.1%	1.3 x
Fund longs	6%	19%	6.1%	0.8 x

Source: Lancaster Investment Management, Bloomberg

The key point is that the Fund is populated with companies with similar forecast sales and earnings growth, while on a 56% P/E rating discount to the S&P 500 with lower leverage. The geographical listing of our positions has provided a headwind to performance in the last few years, but markets should not remain inefficient forever and cross-border valuation discounts seem extreme to us.

We are currently holding 3 Russian positions that are valued in the book at zero as they are either not transferrable due to sanctions or trade off-exchange at a fraction of their Russian stock market price. These valuations will be reassessed as appropriate. We clearly have no edge on the possible geopolitical outcomes but the only guidance we can give is that if these positions were valued at their current Russian market value, and if the Fund was able to access the accrued dividends, then it would materially add to NAV (>15%).

Performance & positioning

Long book

In the fourth quarter, the long book was down -1.7%. **Frasers** (-2.7%), **Vistry** (-1.9%), **IWG** (-1.0%) and **Conduit Re** (-0.4%) were four of our top detractors. **Ubisoft** was our top contributor (+2.8%) after there were rumours of the management team and Tencent looking to take the company private. Ubisoft has subsequently disclosed that it has appointed advisors to review various strategic options.

Over the year, the long book had a contribution of +13.9% which represented negative alpha given the MSCI World TR was up more than 20%. Our long book performance was very polarised, with some large outperformers but also some large detractors. **Plus500** was our top contributor in the year generating a return of +5.3%. Whilst it is hard to be precise about what a second term for President Trump will represent, it is our strong belief that it will be a period of higher volatility and lower regulation. Both of these factors should be beneficial for **Plus500** and **IG Group** where we have a smaller long holding. **Siemens Energy** was a new position for us in February of last year but after the shares rose more than 150% in 10 months we sold the position.

We have written at length about our European bank holdings (**Barclays**, **NatWest**, **Deutsche Bank**, **Commerzbank** and **Monte dei Paschi**) which added +8.3% as a group during the year. Despite having performed well, the group still only trades on an average P/E of 6.2x 2026. Post year end we have sold NatWest near recent highs in order to manage UK factor risk and due to preference for other UK consumer cyclicals that are pricing in a very severe recession.

Liberty Global positively contributed 1.0% as its spin-out of **Sunrise Communications** helped to close some of the extreme discount to intrinsic value.

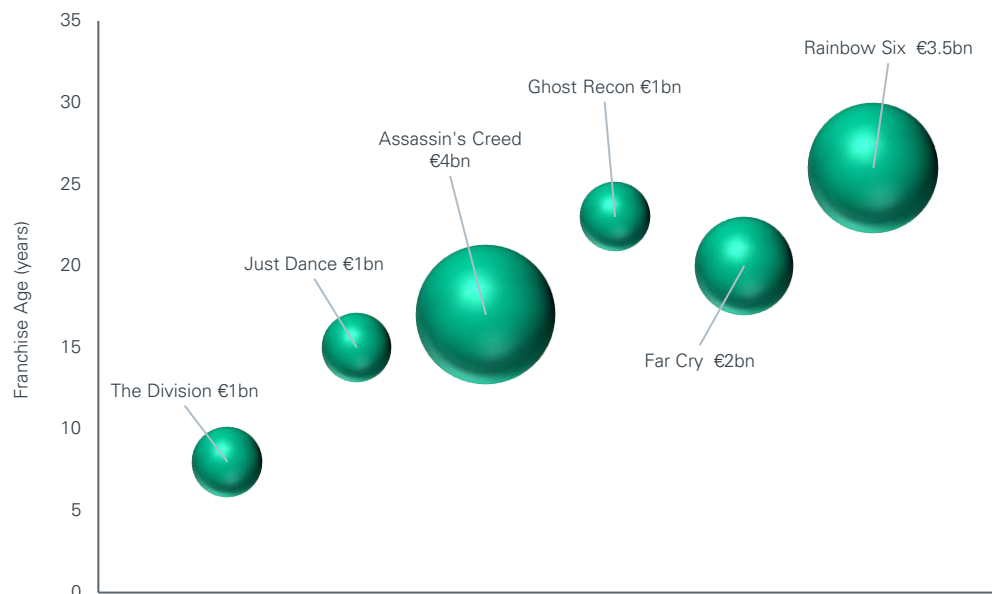
There is often much to learn from our losers in any year, both in terms of assessing our own investment discipline but also highlighting where future opportunities may present themselves.

Ubisoft was our top detractor in 2024, losing the Fund -3.4%. We described in our previous letter what went wrong with Ubisoft with regards to delaying its key title for this fiscal year (*Assassin's Creed Shadows*) and having a subdued launch of *Star Wars Outlaws*. Given the shares are down 85% from their 2021 highs and are trading at multi-year low multiples of EV/Sales, we see material upside that we believe could come in 3 different guises:

1. If we see **improved execution** – most notably a successful launch of *AC Shadows* – then Free Cash Flow (FCF) could get to €500m and, on an 8% FCF yield, this would result in c.250% upside from current levels.
2. **Non-core asset sales** could result in significant upside. We have seen recent evidence of the value of Ubisoft's IP when it sold a non-exclusive *Assassin's Creed* mobile licence to Tencent for c.€350m. This equates to about 20% of the current market cap.
3. **A full sale of the company** could also result in material upside. Comparable transactions in recent years have been done at much higher EV/Sales multiples than the current Ubisoft rating. Large firms making recent commentary indicating appetite for well-established evergreen IP include Sony, Tencent and Microsoft.

Whilst Ubisoft has clearly been through a tricky couple of years operationally, the existing CEO, having founded the business in 1986, does have a track record of being able to monetise game releases successfully. Ubisoft's portfolio is rich with heritage IP that makes it even more attractive as an asset in this environment.

Exhibit 7: Age and 10 year aggregate revenues of Ubisoft's top franchises



Source: Lancaster Investment Management, company reporting

Exhibit 8: Ubisoft EV/Sales December 2005 – January 2024



Source: Bloomberg

Frasers cost the Fund -3.3% during 2024. It had a weak fourth quarter as it moved its guidance down for its April 2025 year-end by c.4%. Whilst there are many positive developments, at Frasers, there are some short term issues:

- Nike, which represents about 20% of Frasers' sales, has low brand heat at present.
- The hikes to National Insurance and minimum wage will cost Frasers Group about £50 million pre any mitigation.

- Frasers cited that it has seen a weaker consumer either side of the UK Autumn Budget.

The shares reacted negatively to the lowering of guidance, having already been weak in the year, but we feel the valuation of Frasers is outrageously cheap given the underlying strength of the business. As a high-quality growth company with a strong balance sheet, we believe a P/E multiple of just over 6x is staggeringly mispriced.

One way of looking at Frasers Group is to treat it like a holding company that chooses whether to allocate its capital into its own operations, to buy other companies (or stakes), to buy properties or to buy back its own shares.

Since listing in 2007 Frasers Group has **grown its book value per share by circa 16% per annum** to c.£2.1bn and we would argue that many of the balance sheet assets like inventory and property are conservatively valued. Over the same period, Berkshire Hathaway has grown its book value per share by c.11% CAGR. Despite this spectacular compounding of value, Frasers' price to book ratio has now fallen to 1.3x, levels only reached previously in the depths of COVID and the GFC. As investors who know the company well, we do not recognise this valuation with regards to the prospects for the group. The attractive thing about being invested in such a strong compounding machine is that time is on your side, particularly on this starting multiple. We expect Frasers to be a core driver of returns over the next few years and are very excited by the opportunity the market is giving us.

Exhibit 9: Book value per share (rhs) at Frasers vs price to forward book (lhs), 2008 –2025



Source: Bloomberg

Exhibit 10: Frasers' potential growth in book value over the next 10 years if returns are maintained, plus returns scenarios

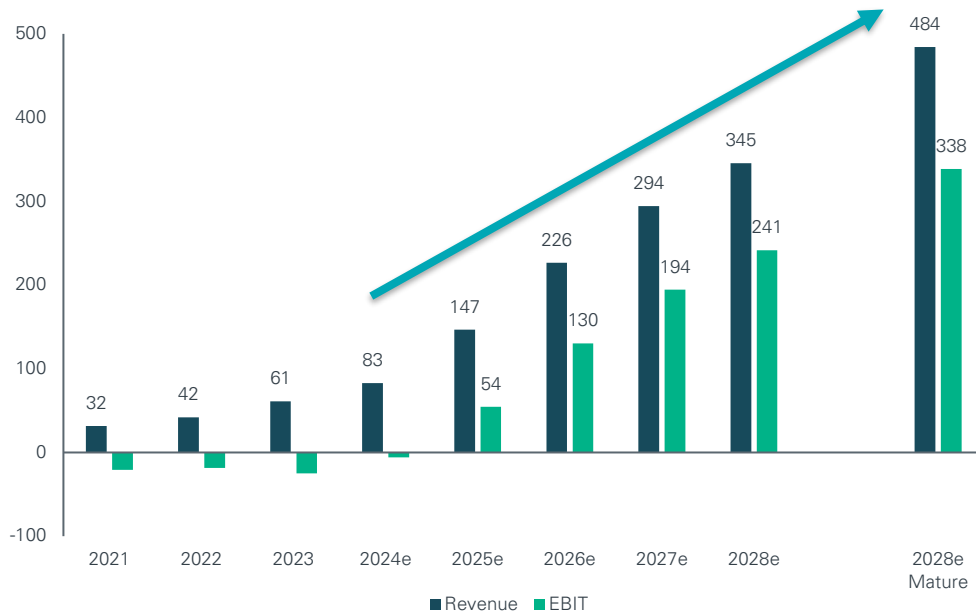
Current Market Capitalisation (£m)	2,600
Book value in 10 years' time assuming 16.3% CAGR (£m)	11,600
10 year upside on 1.3x price to book	340%
10 year upside on 2.5x price to book	750%

Source: Lancaster Investment Management

IWG had a solid year operationally and financially. It maintained its guidance throughout, made good progress with the rollout of its managed and franchised operation and, with the majority of its profits coming from America, the pro-growth agenda from President Trump should

be a positive. Despite all this, the shares were down in 2024 and the position cost the Fund -1.5%. We believe that IWG is well positioned for **an inflection in how it is perceived by the market**. From here on, we should continue to see high drop-through margin from its fast growing Managed and Franchised division which we believe the market is not discounting. We estimate IWG trades on a c.14% 2025 FCF yield (vs consensus at 10%) as it continues to grow its capital light division. This is another example of a top position where we can see a plausibly pathway to a multi-bagger return.

Exhibit 11: IWG “Managed and Franchised” revenue & EBIT.

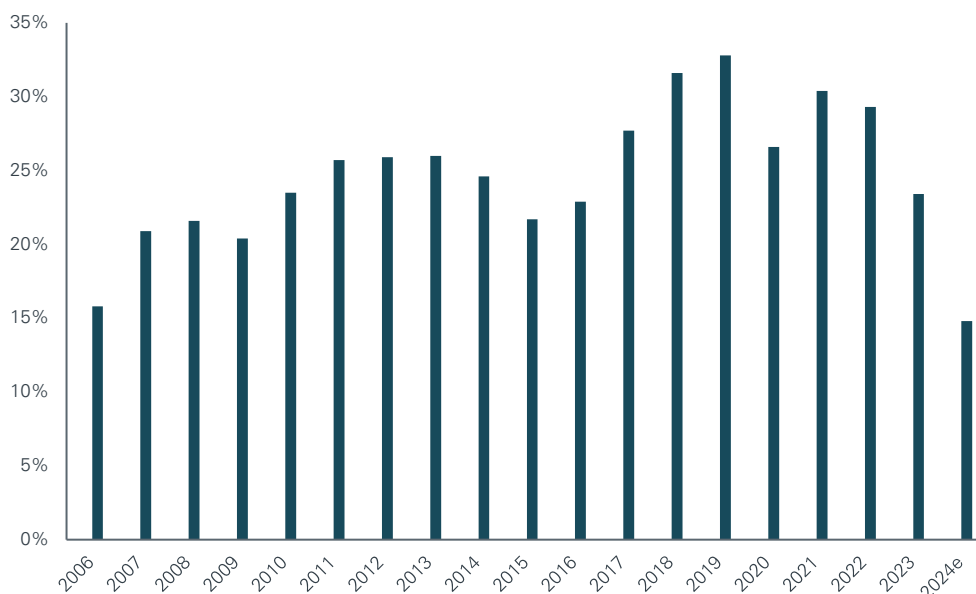


Source: Lancaster Investment Management and Company reporting.

During the year, we have become more constructive on luxury goods companies. In fact, **LVMH was switched from being a profitable short to a profitable long during 2024**. The industry has had a tough couple of years after it moved pricing up too aggressively during the high demand COVID period. As demand normalised, aspirational buyers were then priced out of the market for many products and we have seen an industry switch from loud to quiet fashion. On top of this Chinese consumer luxury spending has been depressed for the past few quarters.

This has created a particularly difficult set up for **Kering Group** (owner of Gucci, Saint Laurent, Balenciaga and Bottega Veneta), our top holding in the space, with its shares now down more than 70% since its 2021 high. This is ultimately a high-quality cyclical company where we believe the market is offering a very compelling entry point. Over the last 20 years, Kering has had an average EBIT margin of c.24% from its luxury division (now making up the entire group) and has traded on an average EV/EBIT multiple of c.19x. Current EBIT margins are around 15% and the current EV/EBIT multiple is around 16x. So, at this point in time, you can buy Kering Group on **depressed sales, earnings and multiples**, a combination that we like. Whilst turning points in cyclical businesses are always difficult to call short-term, it is worth pointing out that the two most important markets for the luxury goods sector, China and America, are both seeing significant stimulus packages for their consumer sectors at present.

Exhibit 12: Kering Group EBIT margins (luxury division)



Source: Company reporting, Lancaster Investment Management

Zalando, the European online fashion retailer, contributed +0.9% during 2024 as it upgraded guidance during the year and acquired About You. This deal should be meaningful for its B2B offering and create a dominant European market leader in providing turnkey solutions for software, services and logistics to other retailers. Zalando should be able to grow sales at a high single digit rate for an extended period of time and trend towards a 10% margin. Yet post the deal Zalando trades on just c.60% of 2025 sales.

Short book

The short book cost the Fund -13.8% in 2024 which given the strength of the market represented positive alpha. As a reminder, if we can generate alpha on both sides of the book then we should be able to generate very attractive returns for investors. In strong up years for the market, we have to accept losing money on our short book and vice versa for the long book. It is the combination that we are interested in.

Our top performing short was **Super Micro Computer** which contributed +2.1%. This was particularly satisfying as we opened the position in July and closed the position in November after the share price fell 69%.

Novo Nordisk contributed +1.3% after the shares derated during the year and then in December they released some disappointing pipeline data. We have reduced the position; it now trades on a P/E of 26x 2025.

Our property logistics shorts (**Segro**, **Prologis**, **GXO**, **Tritax** and **Sagax**) performed well and added +2.5% as the market started to price in a higher interest rate world and key KPIs such as vacancies and rent deteriorated. Other successful shorts for us were **Lululemon**, **ASML** and **Nike**.

Our most painful shorts were **On Holding** (-3.3%) and **Deckers** (-2.9%). Although there were no major cracks in their operational performance during the year, the real pain was in their re-rating. As we stand, Deckers and On trade on consensus P/E multiples of 37x (March 2025) and 52x (December 2025) respectively. This is at a time where we feel that the operating environment will get tougher. Competition in the running shoe space has been picking up during 2024 but the absence of a healthy Nike and only a limited presence by Adidas in key specialty distribution channels has made for a relatively benign backdrop to this point. At the end of 2024 we saw the new Nike chief executive, Elliott Hill, spelling out that Nike is prepared to reduce its margins dramatically to reinvest in marketing, product and distribution. We believe that **this Nike approach will have some meaningful ramifications across the sporting goods space** and that the Fund is well positioned to benefit.

Our short private market (private equity and credit) positions had mixed performances in 2024. Our largest shorts in **Partners Group** and **EQT** generated good alpha during the year while still losing a small amount of money. The US listed names which were smaller positions were poor shorts as they re-rated and with exposure to private credit had better flows. Other disappointing shorts for us in the year were **Brookfield**, **Rivian** and **Ark Innovation**.

Fund Positioning

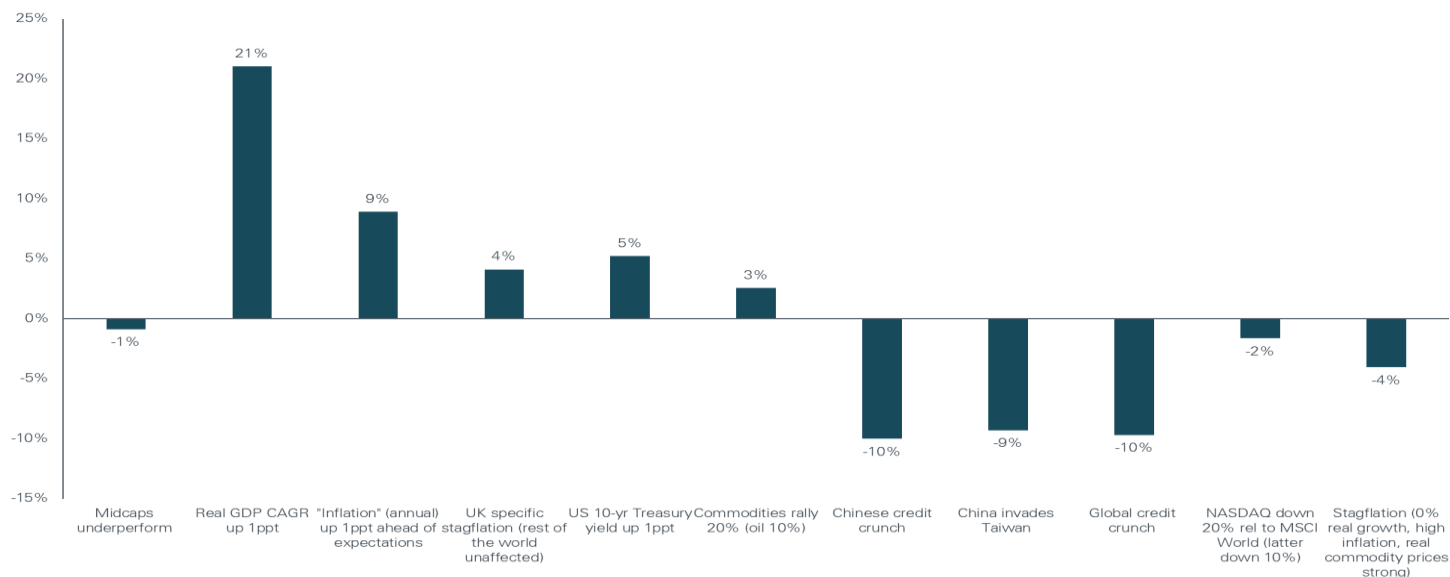
The Fund is 76% accounting net long and 5% net long on a beta-adjusted basis (average of 2 month, 6 month and 2 year betas). Driven by bottom-up stock picking, we continue to have a bias to companies listed in Europe ahead of America. The Fund has a clear value bias as seen in the table below. We are unhedged on our non-UK positions, while the Fund has taken a 20% short position against Sterling vs the Euro as an offset to the UK domestic factor in the equity book.

Exhibit 13: Median valuation metrics of the Fund's long and short books and the MSCI World Index (market cap weighted)

	Next 12 months P/E	Next 12 months EV/EBIT	Next 12 months EV/Sales
Long book	9.5	8.7	1.4
Short book	24.7	21.5	7.9
MSCI World	19.2	18.2	2.8

Source: Lancaster Investment Management, Bloomberg

Exhibit 14: Lancaster Absolute Return (IRL) Fund | Estimated factor return as at 13th January 2025



Source: Lancaster IM unaudited internal data & Bloomberg, as at 13-Jan-25. Note: Assumes current currency hedging; the information above is an estimation of the expected factor return; Lancaster may make investment decisions that are inconsistent with these views expressed in this communication. The chart above presents projections of future performance. These projections are based on a number of assumptions that may or may not prove to be accurate. Future performance is subject to a wide range of significant risks. As a result, there can be no assurance that the projections in the chart above will prove to be accurate.

As ever thank you very much for your support and we look forward to updating you further on our conference call.

James Hanbury & Jamie Grimston

Lancaster Absolute Return (IRL) Fund

Net Performance (GBP)

	1-month	3-month	1-year	3-year	5-year	YTD	Inception	Inception CAGR
Fund	-0.1	-5.8	0.2	-1.1	39.9	0.2	42.0	6.0
MSCI Daily TR Net World	-1.0	6.9	21.0	30.0	79.9	21.0	109.0	12.9
Relative	0.9	-12.7	-20.8	-31.1	-40.0	-20.8	-67.0	-7.0

Yearly Trailing Performance (net)

1-year to	31-Dec-24	31-Dec-23	31-Dec-22	31-Dec-21	31-Dec-20
Fund	0.2	-9.5	9.1	10.3	28.3
MSCI Daily TR Net World	21.0	17.3	-8.4	22.9	12.6
Relative	-20.8	-26.9	17.5	-12.6	15.7

Monthly Performance (net)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2024	0.9	-4.1	3.6	10.9	0.8	-3.7	2.1	-0.5	-3.1	-0.2	-5.6	-0.1	0.2
2023	5.8	0.4	-2.5	1.2	-8.9	-7.3	0.4	3.2	1.5	-3.4	-4.0	4.8	-9.5
2022	7.4	-10.8	-6.7	12.3	6.3	-11.4	0.0	2.0	-6.6	7.6	11.1	1.3	9.1
2021	-12.4	19.3	1.5	4.0	3.7	-8.4	-1.5	1.8	9.1	-7.7	-7.9	12.9	10.3
2020	-5.7	-4.2	-12.9	9.5	8.3	2.2	-7.3	14.3	-2.2	4.7	20.4	3.0	28.3
2019	6.1	-4.9	0.6	-1.8	3.0	-6.0	-4.0	0.4	0.2	4.7	2.1	8.0	7.5
2018												-5.3	-5.3

Fund details¹

£ I Class	142.04
£ R Class	103.69
\$ I Class	147.49
\$ R Class	100.49
€ I Class	132.86
Fund Size	£87 million
Strategy AUM	£636 million
Fund Inception	11 Dec 2018
Class Inception	11 Dec 2018
Fund Type	Irish Long Short UCITS
Comparators	Primary: Cash Secondary: MSCI Daily TR Net World GBP
Base Currency	GBP

Team & contact details

Portfolio Managers

James Hanbury
Jamie Grimston

Enquiries

T: +44 (0)20 7842 1030
E: reporting@LancasterIM.co.uk
W: LancasterIM.co.uk

Lancaster Investment Management, Yalding House, 152-156 Great Portland St., London, W1W 6AJ

Top 10 Long Equities

	% NAV
Plus500	9.5%
Ubisoft Entertainment	9.4%
IWVG	9.1%
Fraser's Group	8.3%
Nokia	4.4%
Barclays	4.4%
Kering	4.4%
Ryanair	4.4%
Jet2	4.4%
AO World	4.2%

Portfolio Characteristics

Long position count	49
Short position count	29
Total gross exposure	240%
Total net exposure	76%
Gross long exposure	158%
Gross short exposure	-82%
Beta adj. net exposure ²	5%

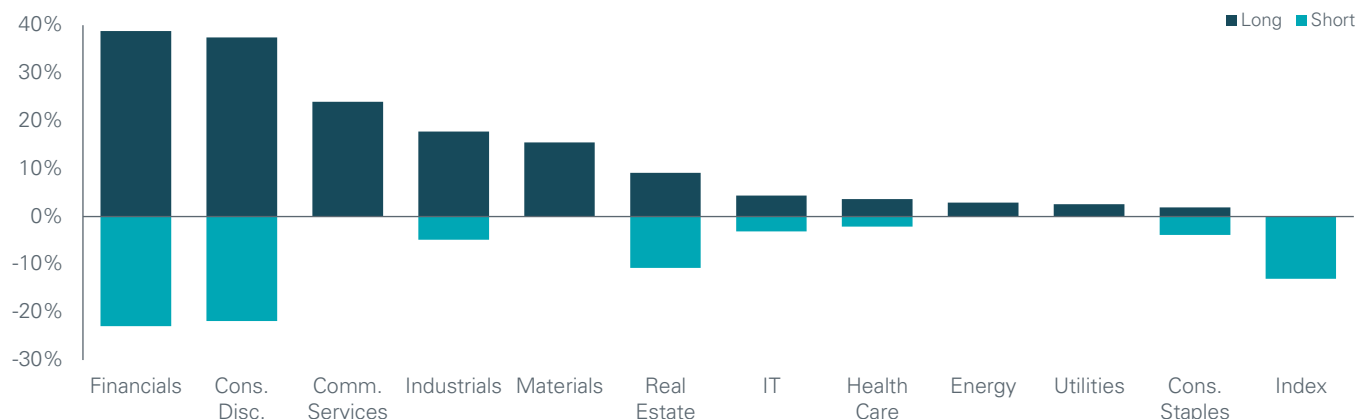
Important information

These figures refer to the past. Past performance is not a reliable indicator of future results.
This document is a marketing communication. Before subscribing please read the prospectus and the KIID, available on request from Lancaster Investment Management.
The performance calculation shown is based on the GBP I share class. If the past performance is shown in a currency which differs from the currency of the country in which you reside, then you should be aware that your performance may increase or decrease as a result of currency fluctuations.

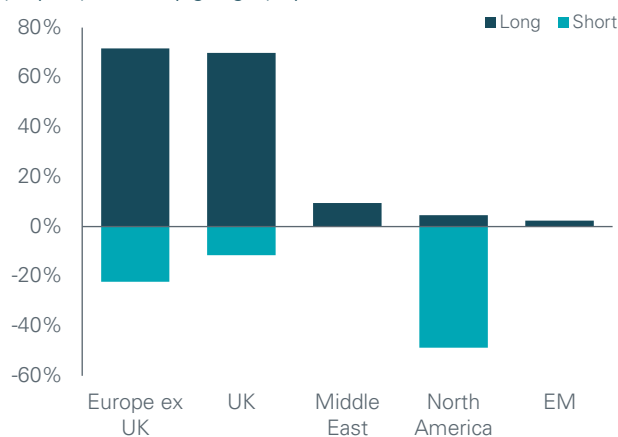
Source: All sources, unless otherwise stated, are Lancaster IM internal unaudited data and refer to the £ I share class. All data shown as at 31 December 2024.

¹Bloomberg, calculation on a NAV basis with net income reinvested. ²Average of 2 month, 6 month and 2 year beta exposure.

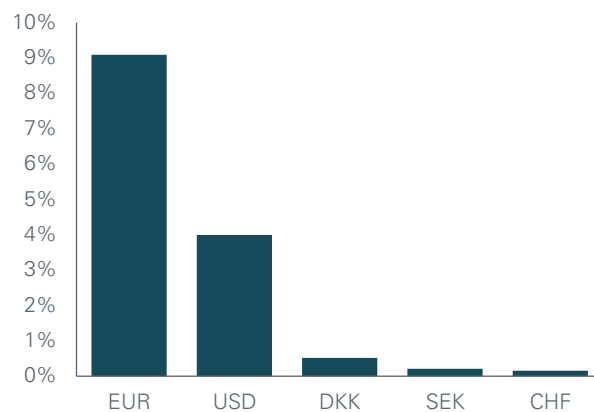
Equity exposure by sector



Equity exposure by geography



Portfolio non-base currency exposure



Equity exposure



Allocation figures and Fund performance are taken at close of business. Equity exposure includes all equity related instruments. Government Bond exposure can be provided on a ten-year adjusted basis. Currency exposure shows non-base currency through forward currency contracts and portfolio holdings. Commentary is provided on a quarterly basis. Equity exposure as classified by GICS. The fund was renamed from Brook Absolute Return (IRL) Fund to Lancaster Absolute Return (IRL) Fund in Q3-23 on the back of the Investment Management Agreement transferring to Lancaster Investment Management LLP and Waystone acquiring Link Financial Services. All performance in GBP.

Source: All sources, unless otherwise stated, are Lancaster internal unaudited data and refer to the £ I share class. All data shown as at 31 December 2024. ¹Bloomberg, calculation on a NAV basis with net income reinvested – the share class prices refer to NAV per share.

Investment objective and policy

The Lancaster Absolute Return (IRL) Fund (‘The Fund’) aims to achieve a positive absolute return on a 12 month rolling basis independent of market conditions. Capital is at risk and there is no guarantee that a positive return will be delivered over any one or a number of 12 month periods. The Investment Manager seeks to achieve this objective through managing a portfolio of securities, bonds and currencies and related financial instruments.

Approach

The strategy is fundamentally driven global equity long short and built around three core principles; investing in fundamentally sound companies, disciplined short selling, and diversification, which is an essential tool in risk management. On the long side, the approach is valuation driven with a particular focus on sustainable free cash flow generation. On the short side the portfolio is stock-specific. The strategy harnesses the experience and judgement of James Hanbury, his investment team and the wider equity research resource at Lancaster Investment Management. While the team invest for the medium to long term, they continuously resize positions to ensure the portfolio remains focused on their highest conviction ideas. The Fund is built without formal reference to an index and typically contains 30-40 positions both long and short with a higher concentration in the top 10 positions.

Risk Considerations

The Fund is actively managed and has considerable latitude over its allocation and may own sophisticated instruments such as futures and options for efficient portfolio management. The Fund may hold a large weighting in a small number of investments and may therefore be subject to larger than normal swings in its value. The performance stream is likely to be volatile and the Fund is suitable only for investors who have a long time horizon (>5 years) and can tolerate higher risk. Investors may not get back all the money invested and an investment in this Fund should only form part of an investor’s total portfolio. The Fund’s prospectus has detailed descriptions of the Funds risks. Before investing, please refer to the prospectus of Genfunds Global plc and to the applicable KIID/KID before making any final investment decisions. You can get free copies from the Investment Manager at reporting@LancasterIM.co.uk or the website of the management company at <https://bridgefundservices.com/funds/genfunds-global-plc/lancaster-absolute-return-irl-fund/>. Investors should discuss the suitability of this Fund with their professional adviser.

Investor information

Share classes	£, €, \$
Share class hedging	Non-base currency share classes are hedged
Trade date (T)	Daily
Dealing	By 2pm T-1
Valuation	Close of business T-1
Front end fee	Up to 5%
Annual management fee	1.075%
Performance fee basis	20% of the increase in the value per share of the fund between the beginning and the end of the year. Fees crystallise annually. Losses carried forward.
Anti-dilution levy	May apply to subs/reds >5% of NAV

Minimum investment	1 £1,000,000
Dividends	Accumulation shares only
Administrator	US Bank Global Fund Services (Ireland) Ltd.
Auditor	Deloitte
Prime Broker	Morgan Stanley
Custodian	European Depositary Bank
Price reporting	Prices published daily on lancasterim.co.uk , Bloomberg and by other third party data providers.
ISIN	£I: IE00BF7JHD63, €I: IE00BF7JHG94, \$I: IE00BF7JHJ26, £R: IE00BF7JHF87, €R: IE00BF7JHH02, \$R: IE00BF7JHK31.
SEDOL	I: BF7JHD6, €I: BF7JHG9, \$I: BF7JHJ2, £R: BF7JHF8, €R: BF7JHH0, \$R: BF7JHK3.

Important Legal Information and Disclaimer

This is a marketing communication and it is not intended to be viewed as a piece of independent investment research.

This document and the information contained in it relates to the Lancaster Developed Markets Fund (the “Fund”) and is being communicated by Lancaster Investment Management LLP (“LIM”). LIM is authorised and regulated by the Financial Conduct Authority (the “FCA”) of the United Kingdom and is registered as an investment adviser with the United States Securities and Exchange Commission. LIM and its affiliates together will be referred to as “Lancaster” in this document.

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Investments that have an exposure to currencies other than the base currency of the Fund may be subject to exchange rate fluctuations. This communication and the information contained therein is a financial promotion for the purposes of the Financial Services and Markets Act 2000 of the United Kingdom and the rules of the FCA. The distribution of this communication may, in some countries, be restricted by law or regulation. Accordingly, anyone who comes into possession of this communication should inform themselves of and observe these restrictions. Lancaster is not liable for a breach of such restrictions or for any losses relating to the accuracy, completeness or use of information in this communication, including any consequential loss.

Please always refer where appropriate to the relevant Fund prospectus and relevant Key Investor Information Document(s) (KIID) or Key Information Document (KID) before you invest. The KID/KIID is available in English, French, German, Italian and Spanish; the Prospectus is available in English. You can get free copies from the investment manager at reporting@LancasterIM.co.uk or the website of the management company at <https://bridgefundservices.com/funds/genfunds-global-plc/lancaster-absolute-return-irl-fund/>. Bridge Fund Management Limited is a management company authorized and regulated by the Central Bank of Ireland.

A summary of investor rights associated with an investment in the fund is available online in English at <https://bridgefundservices.com/media/vjqc5kva/summary-of-investor-rights-for-ucits-fund.pdf> and a paper copy is available upon request by emailing TATeam@bridgefundservices.com (you can include your own email address here if you wish and post the Summary of Investor Rights to your own website).

If the fund terminates its application for registration in any jurisdiction shareholders located in the effected EEA member state will be notified of this decision and will be provided the opportunity to redeem their shareholding in the fund free of any charges or deductions for at least 30 working days from the date of such notification.