WS Lancaster Global Equity

Portfolio Manager Q4-24 Report

Summary

- The Fund declined -0.8% in Q4 net of fees, underperforming the MSCI World TR index which returned 6.9%. Given its geographical and factor positioning, it was somewhat of a perfect storm for which we take responsibility.

- The Fund returned 5.1% for the year net of fees but underperformed the MSCI World TR index by -15.9%. To put the fund's relative overweight to Europe and underweight to the US into context, the S&P 500 outperformed the STOXX Europe 600 by more than 22% in total return dollars over 2024.

- There were some idiosyncratic disappointments in our portfolio in the shape of **Ubisoft**, **Frasers**, **IWG** and **Vistry**. That said we felt the market reaction was disproportionately harsh and in most cases we added to these positions. We are seeing an unusual amount of upside in our top positions at present in the fund. The median P/E of the fund derated from 9.8x at the beginning of the year (using the 2024 year end positions) to 9.4x 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.

- 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. 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 holdings are performing operationally. The major performance issue for the fund in 2024 was that it 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 position in **Siemens Energy** was the best performing company in the STOXX Europe 600, while **NatWest** and **Barclays** were two of the best performing European banks and **Liberty Global** was the best performing major European telecom.

Performance

-0.8%	Quarterly performance
5.1%	Year-to-date performance
8.2%	CAGR since inception

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

Fund details[1]

£ I Acc Class	279.67
£ I Inc Class	246.81
£ R Inc Class	5465.22
£ R Acc Class	104.35
Fund Size	£65 million
Strategy AUM	£636 million
Fund Inception	06 Aug 2001
Class Inception	19 Dec 2011
Fund Type	UK Long Only UCITS
Benchmark	MSCI World Daily Net TR GBP
Base Currency	GBP

Portfolio Managers

James Hanbury

Jamie Grimston

Source: All sources, unless otherwise stated, are Lancaster IM internal unaudited data and refer to the £ I Acc share class. All data shown as at 31 December 2024 and all contribution data reported on a gross basis unless otherwise stated. [1]Waystone and Bloomberg, calculation on a NAV basis with net income reinvested.

Conclusion

It is always frustrating to make little progress when the market has a strong year. That said, having seen the portfolio de-rate, our conviction levels for our top positions are unusually high. For many of our 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 portfolio trades at a c.51% 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 Global Equity Fund ("the Fund") is an unconstrained long only fund that invests globally. The Fund will take 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
- A bias in the portfolio to owner-managed businesses with an established history of excellent capital allocation

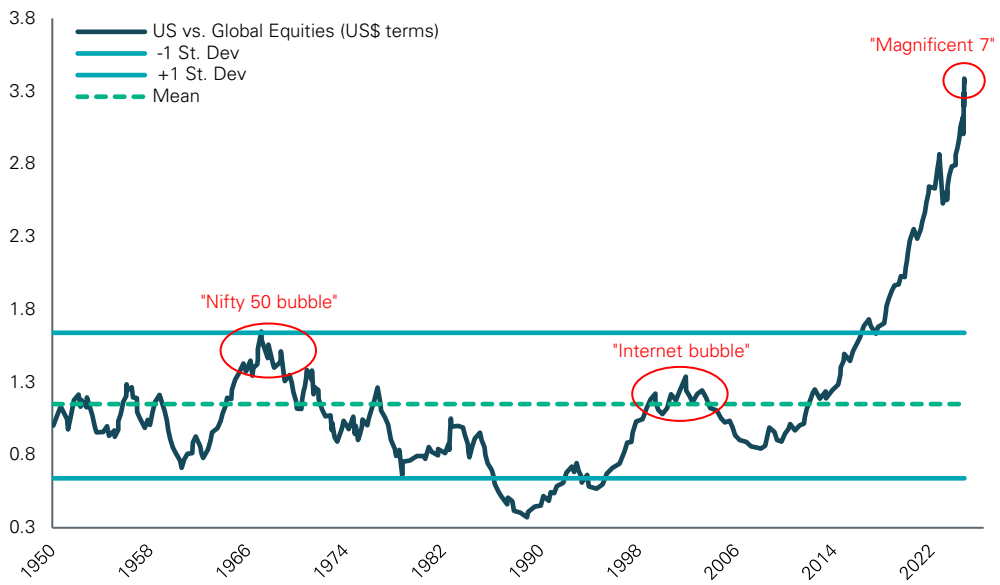
The Fund primarily invests in equities and may occasionally take positions in derivative, fixed income and credit securities.

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.

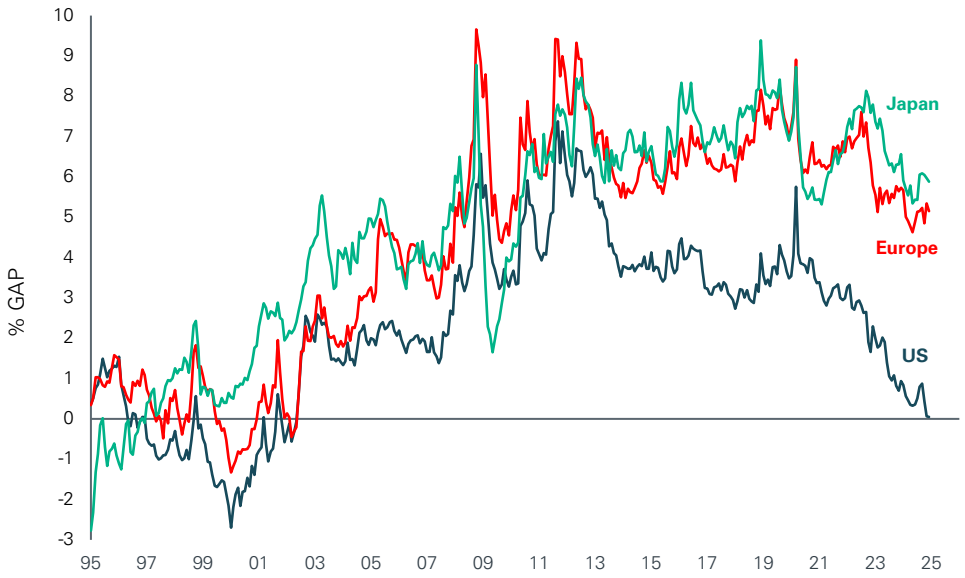
All other things being equal, US stock markets should be more attractive to invest in then other Western markets. However, our job is to assess what is already being priced in and what are the potential risks and opportunities. At present it feels to us that, after a period of extreme outperformance, **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

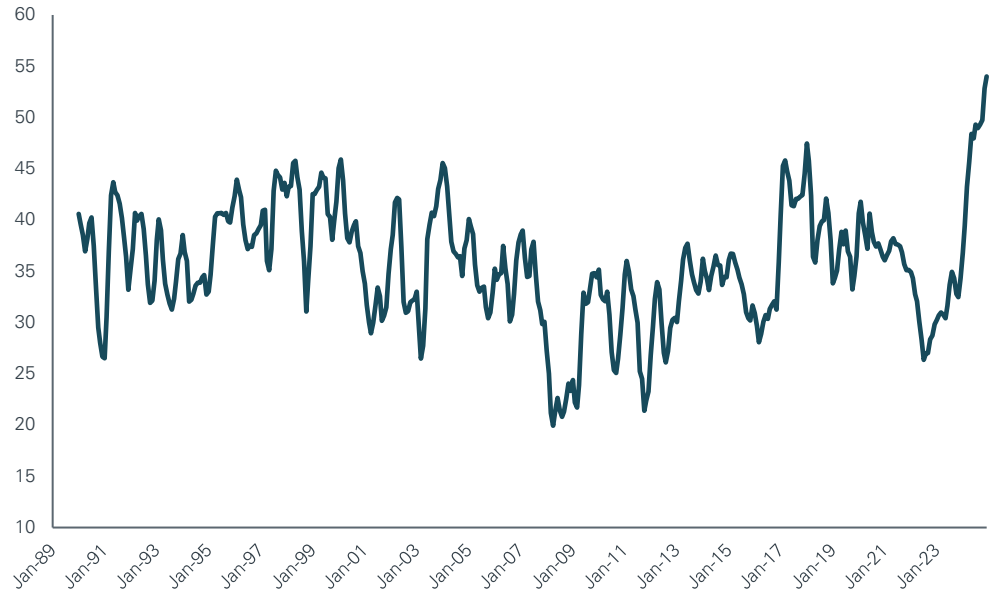
Exhibit 2: Prospective Earnings Yields in Europe, Japan and the US minus local 10 year bond yields



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 autonomation 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

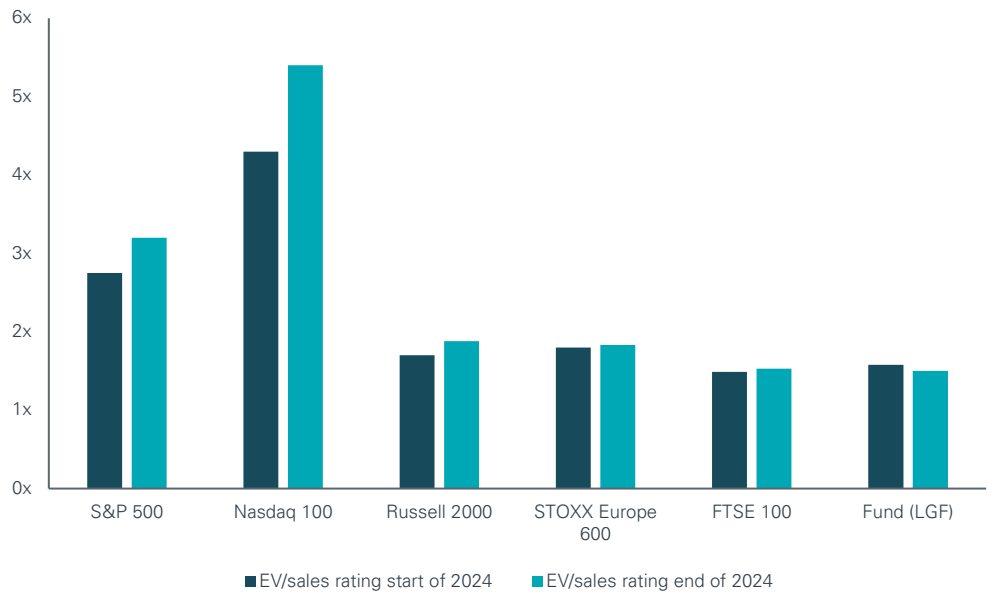
Given that modern stock markets thrive on momentum, a reversal of the long standing and severe negative UK market momentum and performance would likely lead to extremely strong UK returns.

Profile of the book

Given how disappointing the performance 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 portfolio. On average, our sales and earnings assumptions 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.

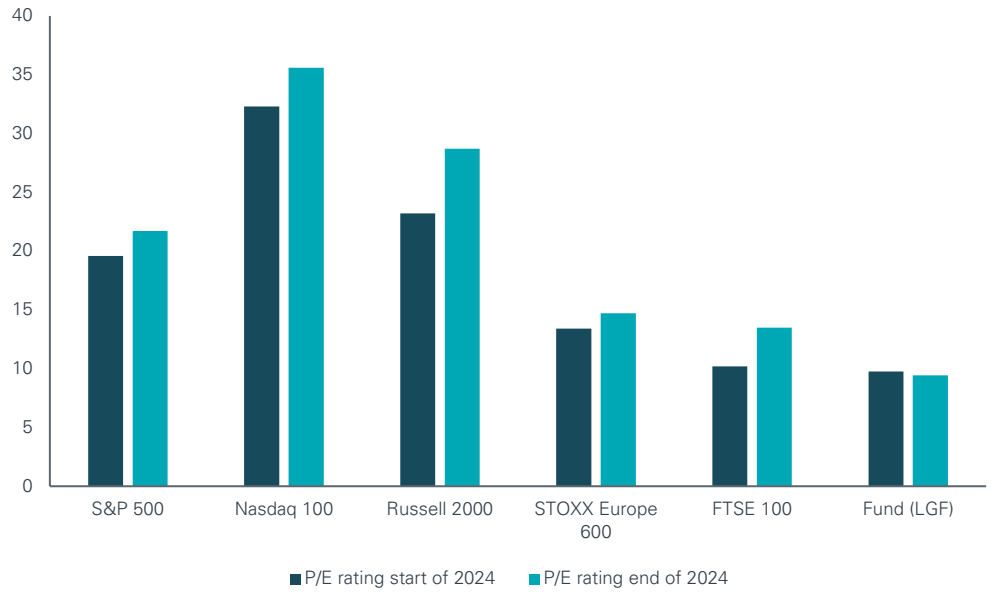
Whilst the market has rerated in 2024 for P/E and EV/sales multiples, the Fund has derated for both.

Exhibit 4: EV/Sales multiples for market indices and the Fund 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 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 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 the portfolio compared to the American market, consensus forecast sales and earnings growth for the next 12 months are in line and ahead respectively 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

	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	**8%**	**19%**	**6.8%**	**1.0 x**

Source: Lancaster Investment Management, Bloomberg

The key point is that the Fund is populated with companies with similar forecast sales and higher earnings growth, while on a 57% 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.

Performance & positioning

In the fourth quarter, the fund declined by -0.8% net of fees. Frasers (-2.8%), IWG (-1.0%), Oxford Nanopore (-0.9%) and Vistry (-0.9%) were four of our top detractors. Ubisoft was our top contributor (+2.4%) 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 fund returned +5.1% which was very weak relative to the MSCI World TR, which was up more than 20%. The distribution of our 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 +4.0%. 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 holding. Siemens Energy (+1.3%) 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 +6.8% 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 0.9% 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 one of our top detractors in 2024, losing the Fund -4.0%. 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:

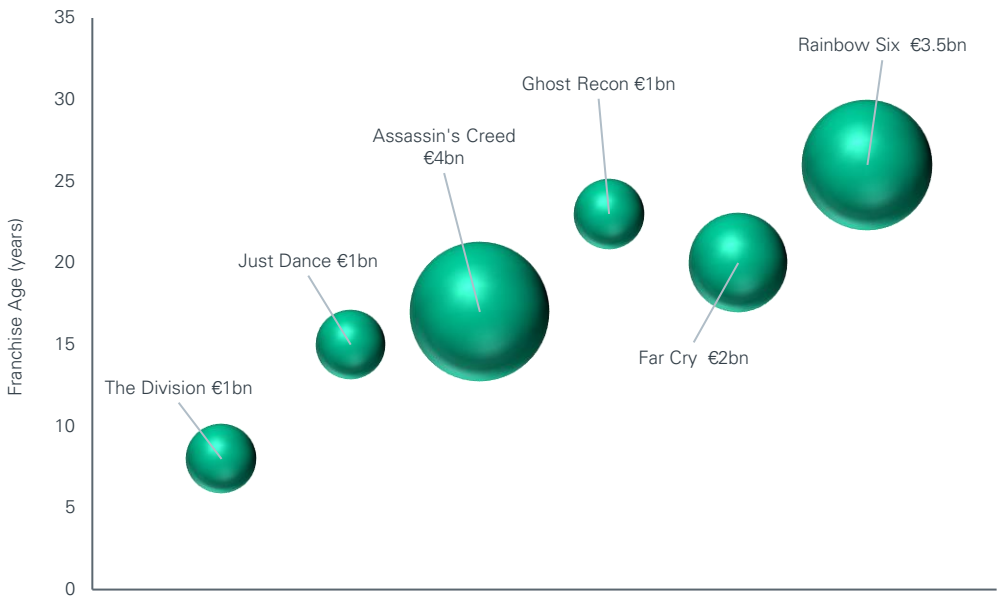
1. If we see improved execution – most notably a successful launch of AC Shadows – then Free Cash Flow (FCF) could get to €500m and, on an 8% FCF yield, this would result in c.250% upside from current levels.

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 -3.5% 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:

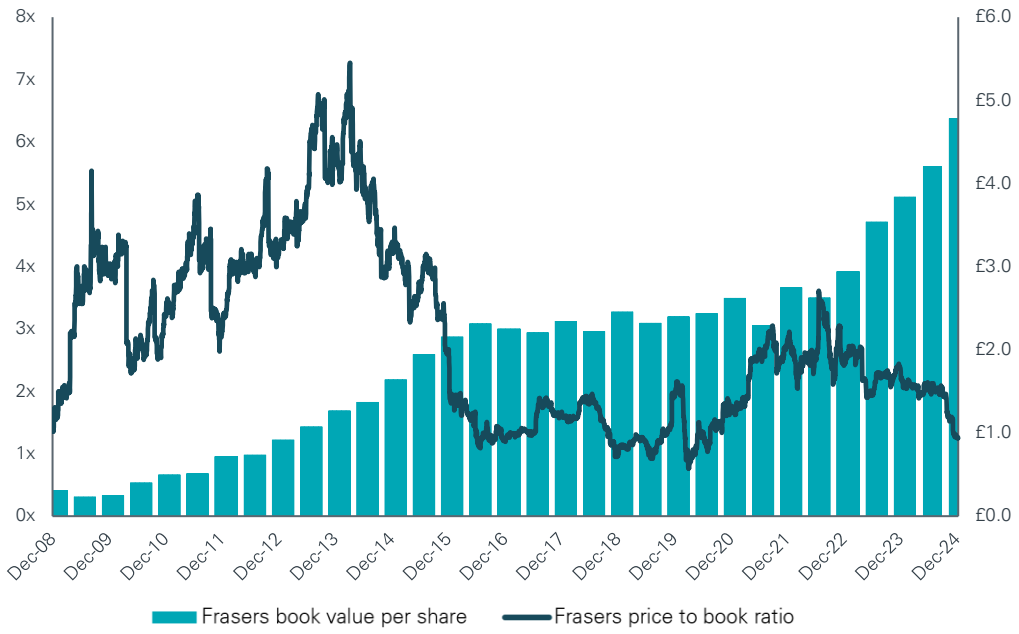
- Nike, which represents about 20% of Frasers' sales, has low brand heat at present
- The hikes to National Insurance and minimum wage will cost Frasers Group about £50 million pre any mitigation
- Frasers cited that it has seen a weaker consumer either side of the UK Autumn Budget

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

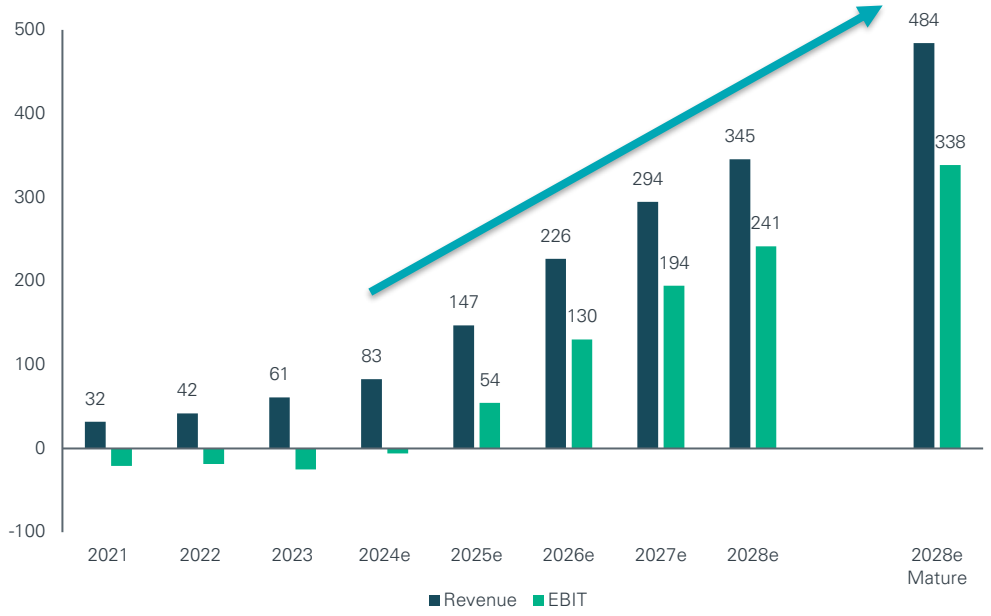
Exhibit 10: Frasers' potential growth in book value over the next 10 years if returns are maintained, plus returns scenarios

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 -1.4%. 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.

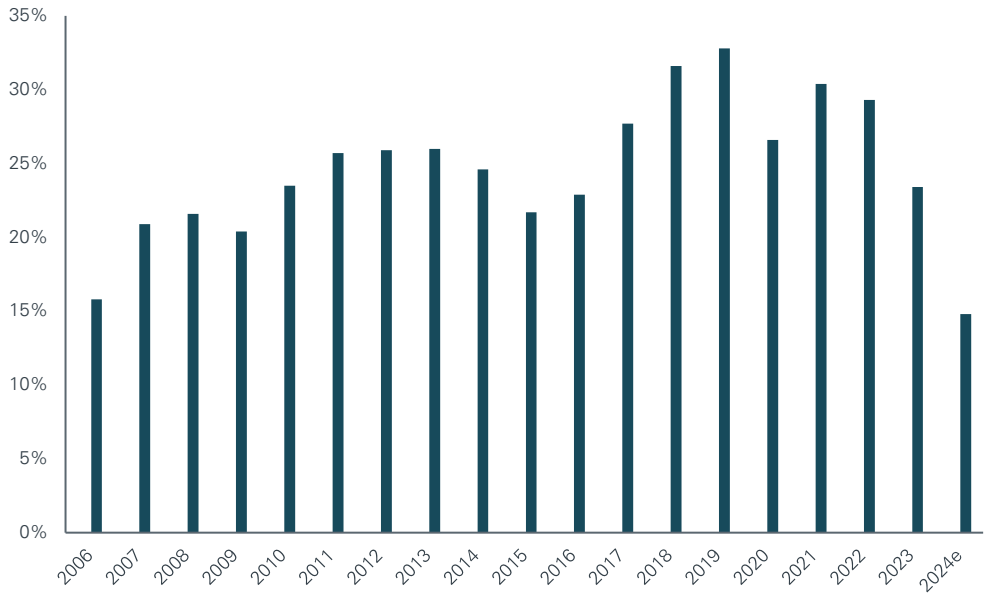


Source: Lancaster Investment Management and Company reporting.

During the year, we have become more constructive on luxury goods companies. 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

Fund Positioning

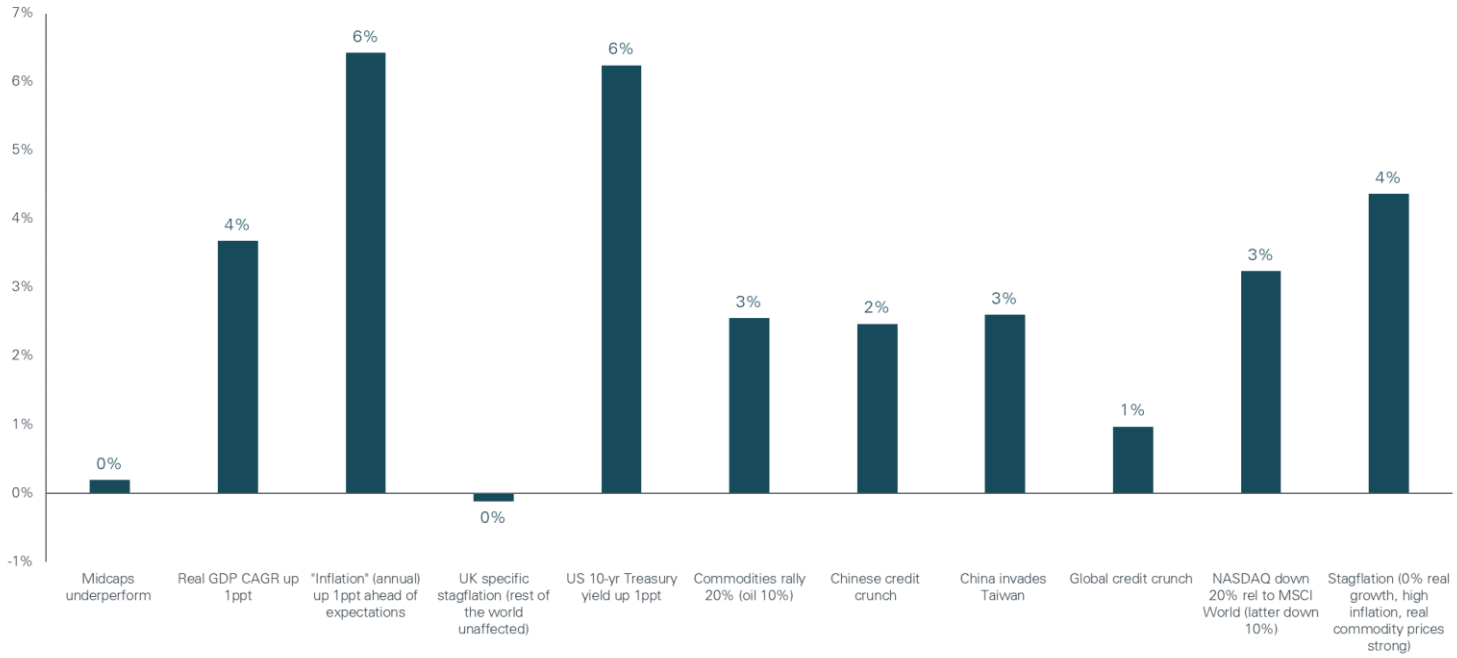
The Fund continues to have a bias to companies listed in Europe and the UK ahead of America, and a clear value bias as seen in the table below. GBP exposure has been cut back to <4% to reduce exposure to UK specific stagflation risk, whilst exposure to attractive idiosyncratic stock risk in the UK has been maintained.

Exhibit 13: Median valuation metrics of the Fund and the MSCI World Index (market cap weighted)

	Next 12 months P/E	Next 12 months EV/EBIT	Next 12 months EV/Sales
Fund	9.4	8.7	1.6
MSCI World	19.2	18.2	2.8

Source: Lancaster Investment Management, Bloomberg

Exhibit 14: Lancaster Global Equity Fund (LGF) | Estimated factor return as at 13th January 2025 (relative)



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

WS Lancaster Global Equity

Net Performance (GBP)

	1-month	3-month	1-year	3-year	5-year	Inception	Inception CAGR
Fund	-1.7	0.8	5.1	12.4	30.0	179.7	8.2
MSCI Daily TR Net World	-1.0	6.9	21.0	30.0	79.9	407.8	13.3
Relative	-0.7	-6.1	-15.9	-17.7	-49.9	-228.2	-5.1

Yearly Trailing Performance (net)

1-year to	31-Dec-24	31-Dec-23	31-Dec-22	31-Dec-21	31-Dec-20
Fund	5.1	-1.2	8.2	23.0	-5.9
MSCI Daily TR Net World	21.0	17.3	-8.4	22.9	12.6
Relative	-15.9	-18.5	16.7	0.1	-18.5

Monthly Performance (net)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	Index
2024	-1.8	0.1	3.9	4.2	1.7	-1.7	1.4	-0.6	-2.7	0.5	1.9	-1.7	5.1	21.0
2023	3.6	0.6	-4.6	-2.5	-5.0	-3.0	4.1	-0.3	2.2	-6.0	6.0	4.6	-1.2	17.3
2022	-1.0	-1.5	9.3	0.8	5.0	-8.6	0.9	5.8	0.1	-0.4	1.5	-2.9	8.2	-8.4
2021	0.6	5.9	6.3	3.6	2.1	-1.3	-1.3	3.0	1.3	-1.5	-1.0	3.4	23.0	22.9
2020	-6.3	-5.0	-9.8	10.0	0.6	-0.9	-2.3	1.0	-2.8	-0.9	9.3	2.7	-5.9	12.6
2019	5.6	-3.3	1.0	2.1	0.7	4.1	4.9	-8.2	-0.6	-2.0	1.5	9.2	14.6	22.7
2018	-1.6	0.1	-1.8	8.1	4.2	1.7	0.3	-1.5	4.1	-3.8	-3.5	-8.5	-3.1	-3.1
2017	1.2	2.1	-1.0	-1.9	3.3	-2.7	-0.2	3.6	-2.5	1.9	-0.3	3.2	6.6	11.7
2016	-2.1	-0.3	-2.4	-1.3	-0.3	3.2	3.9	-1.0	1.1	3.4	-3.8	4.7	4.8	28.3
2015	2.5	1.1	2.6	-3.7	3.5	-4.6	1.2	-4.3	-1.9	2.8	1.7	-0.2	0.3	4.8
2014	-2.8	6.5	-2.7	-2.7	3.3	-1.4	-1.7	2.1	-0.7	-0.1	6.1	1.7	7.2	11.6
2013	10.9	3.2	1.2	-0.1	6.1	-4.9	5.4	-2.9	3.0	4.4	-0.2	0.7	29.0	24.2
2012	6.9	6.7	-0.4	-3.0	-6.4	1.6	1.4	2.7	3.0	2.1	3.0	2.6	21.3	10.6
2011												3.0	3.0	-3.3

Fund details[1]

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£ R Inc Class	5465.22
£ R Acc Class	104.35
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Strategy AUM	£636 million
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Class Inception	19 Dec 2011
Fund Type	UK Long Only UCITS
Benchmark	MSCI World Daily Net TR GBP
Base Currency	£

Team & contact details

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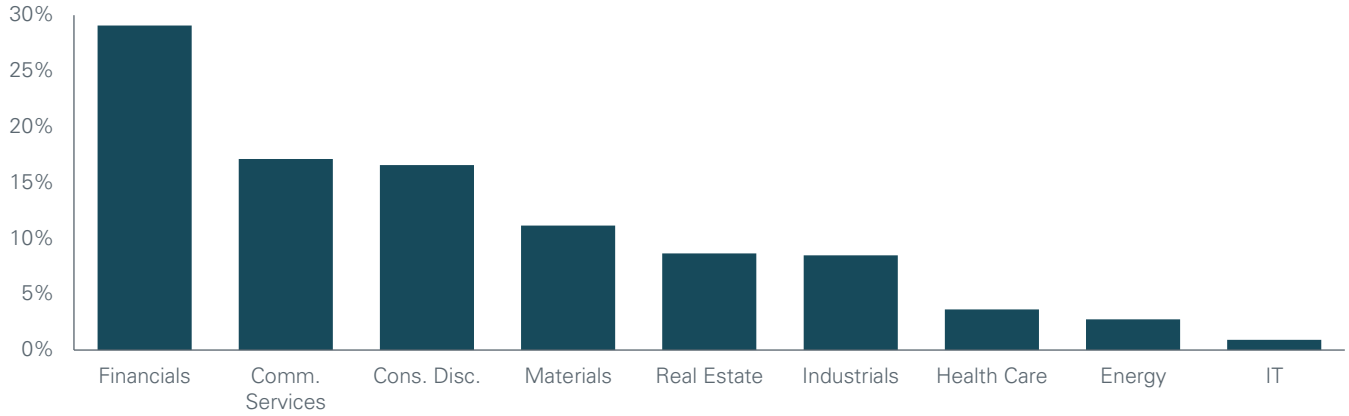
Portfolio Characteristics

Number of positions	31
Cash Level	1.6%

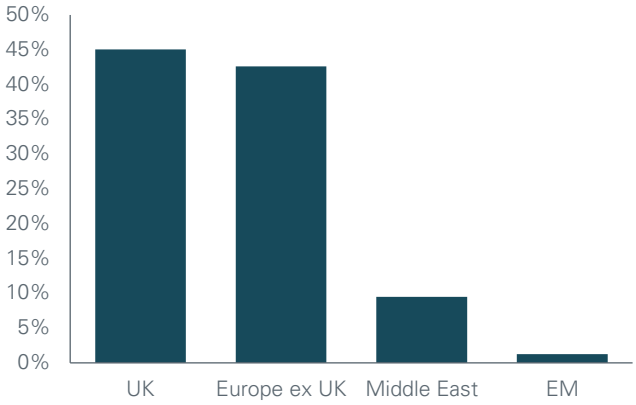
Important information
These figures refer to the past. Past performance is not a reliable indicator of future results.
This document is a marketing communication. Before subscribing, please read the prospectus and the KIID/KID, available from Lancaster Investment Management on request.
If the past performance 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 Acc share class. All data shown as at 31 December 2024.
[1]Waystone and Bloomberg, calculation on a NAV basis with net income reinvested.

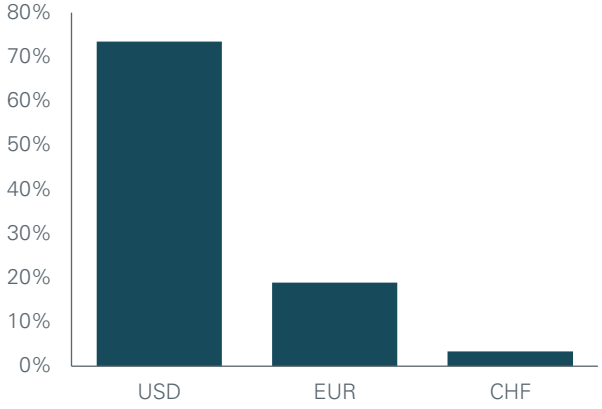
Equity exposure by sector



Equity exposure by geography



Portfolio non-base currency exposure



Top 10 Equities

Plus500	9.5%
Ubisoft Entertainment	8.9%
IWG	8.7%
Frasers Group	8.3%
Barclays	4.5%
Jet2	4.4%
ArcelorMittal	4.1%
Oxford Nanopore	3.6%
Glencore	3.5%
Ryanair	3.1%

Allocation figures are taken at close of business whereas Fund performance is taken at 12pm. Equity exposure includes all equity related instruments. Commentary is provided on a quarterly basis. Equity exposure as classified by GICS. The fund was renamed from LF Odey Opus to WS Lancaster Global Equity in Q3-23 on the back of the Investment Management Agreement transferring to Lancaster Investment Management LLP and also 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 Acc share class. This share class has been used because it is the Fund's largest share class. All data shown as at 31 December 2024. [1]Waystone and Bloomberg, calculation on a NAV basis with net income reinvested – the share class prices refer to NAV per share.

LANCASTER
INVESTMENT MANAGEMENT

Investment objective and policy

The WS Lancaster Global Equity Fund ('The Fund') aims to achieve long term capital growth. Capital is at risk and there is no guarantee that a positive return will be delivered over multiple time periods. The Investment Manager seeks to achieve this objective through managing a portfolio of publicly listed equity investments.

Approach

The strategy is long-only, valuation driven and global in scope. The portfolio managers investment approach is built around some core principles; investing in fundamentally sound companies, use diversification to mitigate risk, focus on sustainable free cash flow generation and seek out corporate management teams who are well aligned. 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 25-40 long positions 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. Investors should discuss the suitability of this Fund with their professional adviser. The Fund's prospectus has detailed descriptions of the Fund's risks. Before investing, please refer to the fund prospectus 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 Authorised Corporate Director: https://www.fundsolutions.net/uk/lancaster-investment-manager/ws-general-global-investment-funds/ws-lancaster-global-equity-fund/

Investor information

Share classes	GBP I (Acc & Inc.), GBP R (Acc. & Inc.)	**Minimum investment**	I £1,000,000
Trade date	Daily	**Dividends**	Income & Accumulation shares
Dealing	Forward to 2pm GMT	**Authorised Corporate Director (ACD)**	Waystone
Valuation	10.30pm GMT	**Auditor**	Ernst and Young LLP
Front end fee	Up to 5%	**Custodian**	BNY
Annual management fee	I - 0.89bps; R – 1.39bps	**Price reporting**	Prices published daily on lancasterim.co.uk, Bloomberg and by other third party data providers.
Ongoing charge	I – 121bps; R – 171bps	**ISIN**	R' GB00B1JMNF99 'I' Acc GB00B54RK123, 'I' Inc GB00B717BM70, 'R Acc' GB00BM8ND727
Anti-dilution fee	May apply up to 0.75% to NAV on subs/reds if large deals (typically >5%) occur	**SEDOL**	'R' B1JMNF9, 'I' Acc B54RK12 , 'I' Inc B717BM7, 'R Acc' BM8ND72

Important Legal Information & Disclaimer

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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.

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