

Lancaster European Equity

February 2025

The fund's net return was 0.86% in February versus the SXXR at 3.41%. The portfolio had a weak month against the backdrop of a strong European equity market. There were no significant losses at the single stock level, rather many of our mid-cap and U.K. names underperformed the market. The most significant negative contributor was a new position we are currently building, JD Sports Fashion. JD is one of the largest retailers of sporting goods in the world. Overdependence on Nike (over 50% of sales), where brand heat and innovation has been weak for several years, caused the company to have a series of profit warnings in 2024 and early 2025. The share price has more than halved in the last 6 months, despite EPS estimates coming down by <10%, and the stock has derated to only 6x P/E. JD has >£10bn of sales, earns a 9% operating margin, and has little to no financial leverage, and less than two turns of lease debt. The company missed numbers for Q4, printing a weak November LFL of -3 to -4%, but exited the calendar year at +1.5% LFL in December. For us, numbers were hardly disastrous and must be viewed in the context of Nike offering 25% off all products on its own website in most geographies during Black Friday. While short term momentum for the business is muted, we are more interested in the medium-term impact of Nike's strategic U-turn by its new CEO, pivoting away from DTC selling – which has failed to be the margin accretive activity it hoped – to sell more through key retailer relationships. JD is its number one retail relationship globally, and its best full price partner. February saw us exit both our airline positions, Ryanair and Jet2. Both were strong contributors last year but, while still cheap, no longer trade at distressed valuations. We are also aware that this is not a sector in which one should overstay one's welcome, with its elevated exposure to macro shocks. This capital was recycled into existing, high conviction names which have had a weak start to the year, most notably Campari, as well as our recently initiated holding in DHL.

Performance (net)

	Fund	STOXX*	MSCI*
Return on month	0.86%	3.41%	3.08%
YTD return	4.40%	9.99%	10.17%
1 year return	10.95%	15.64%	14.50%
3 year return	39.10%	33.06%	32.19%
5 year return	111.53%	67.33%	64.42%
10 year return	145.13%	84.31%	89.98%

Trailing CAGR (net)

	Fund	STOXX*	MSCI*
3 year	11.63%	9.99%	9.75%
5 year	16.16%	10.85%	10.46%
10 year	9.38%	6.31%	6.63%

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

Exposure

Cash	1.1%
Average market cap (\$ millions)	16,735
Number of positions	32

Leverage

Gross method	1.7
Commitment method	1.0

Top 3 Positive Contributors

Bankinter
ArcelorMittal
GEA Group

Top 3 Negative Contributors

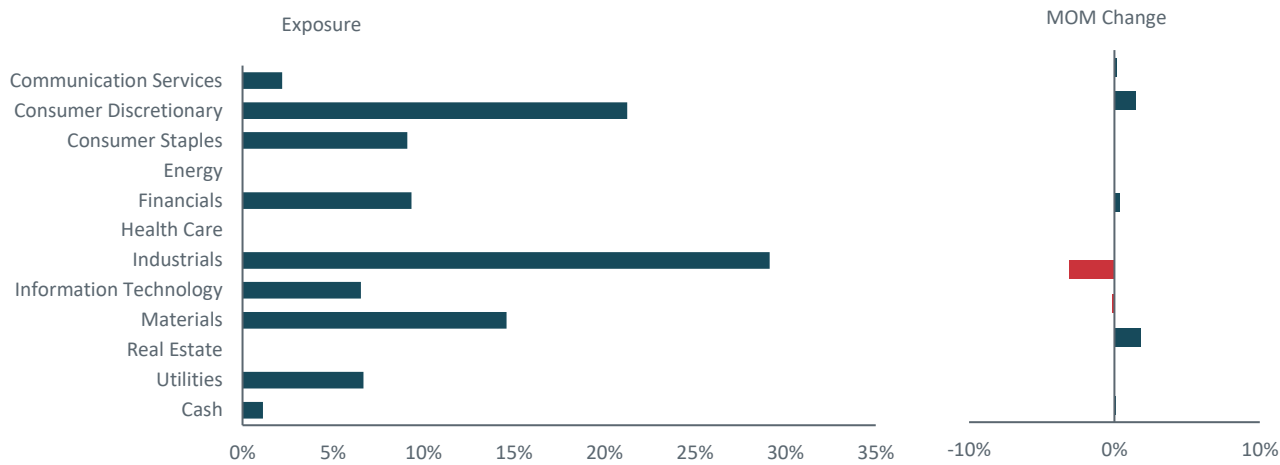
JD Sports Fashion
Spectris
Glencore

Top 5 Longs

Spectris	5.6%
Howden Joinery	4.8%
Next	4.3%
Signify	4.3%
Weir Group	4.2%
Total	23.3%

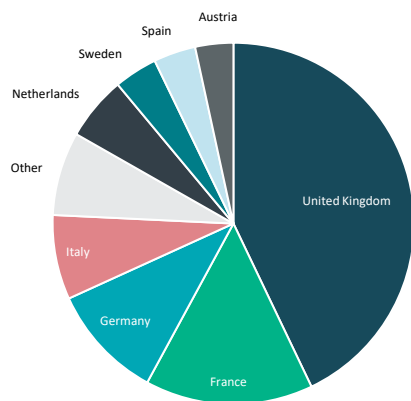
* STOXX Europe 600 Net Return (SXXR), MSCI Europe Net Return (NDDLE15)

Sector Exposure



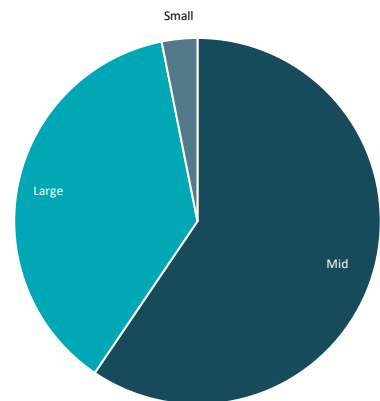
Source: Lancaster Investment Management

Country Exposure

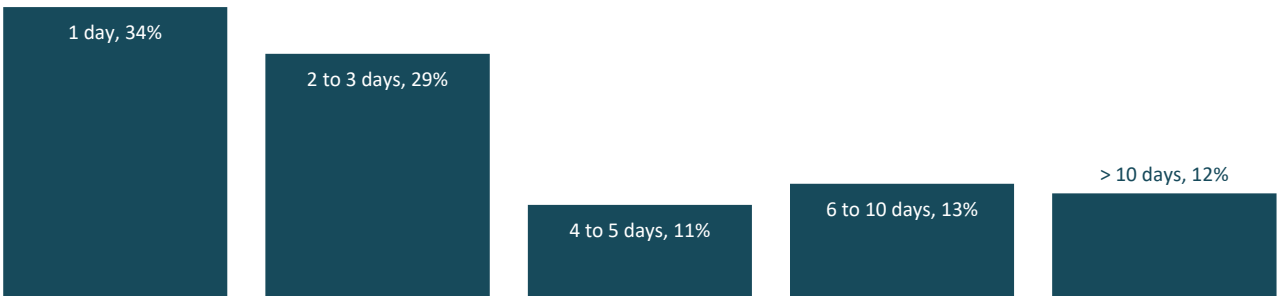


Source: Lancaster Investment Management

Market Cap



Liquidity

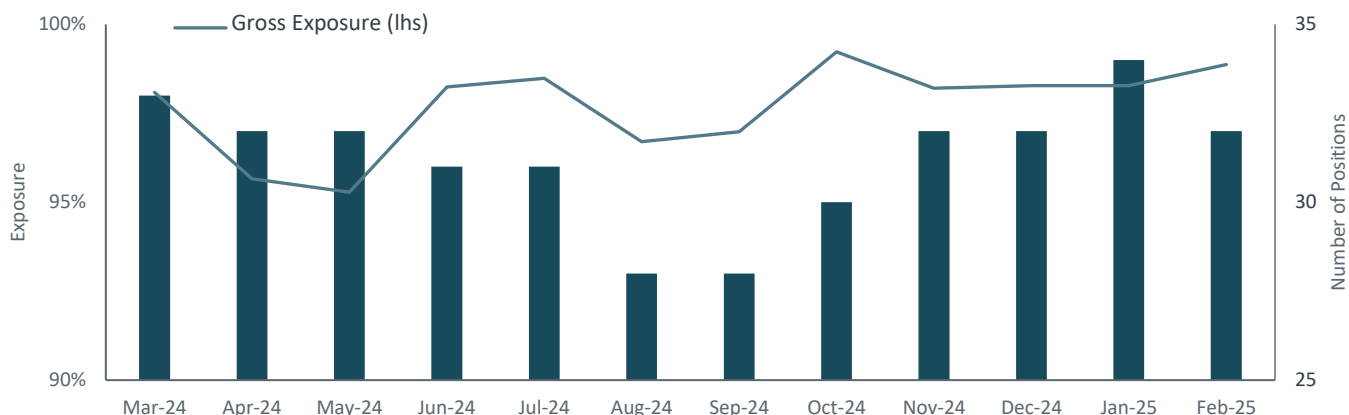


Days to liquidate 100%: 26

Source: Lancaster Investment Management, Bloomberg

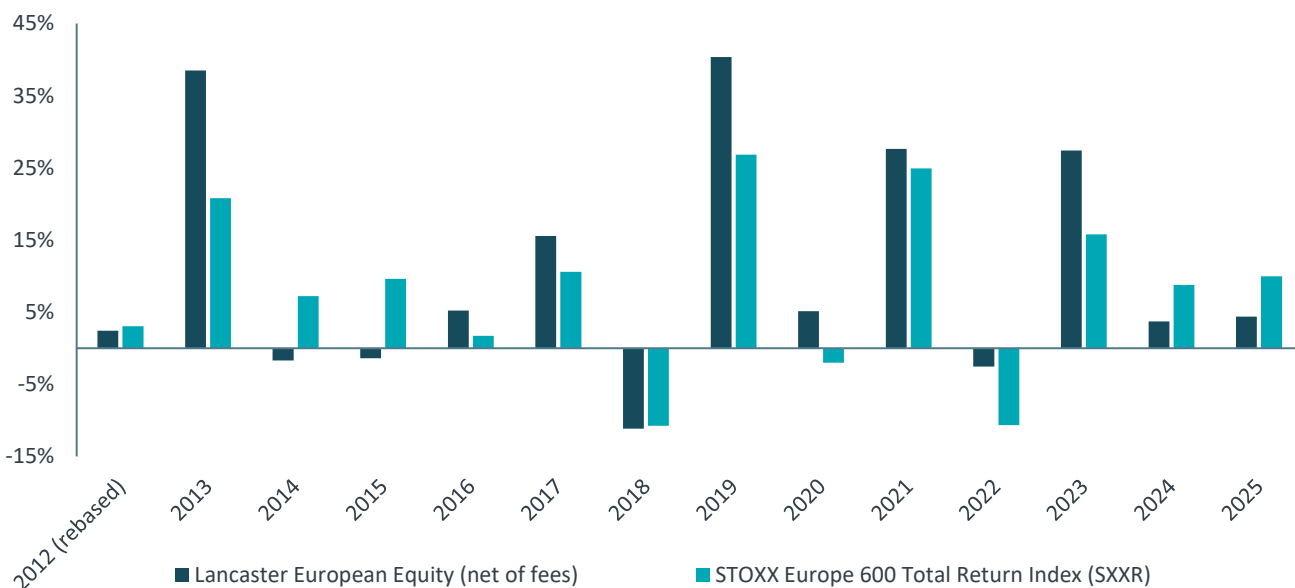
Graphs for illustrative purposes only

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
2025	3.51%	0.86%											4.40%

	YTD	2024	2023	2022	2021	2020	Inception
Lancaster European Equity	4.40%	3.72%	27.41%	-2.53%	27.62%	5.11%	276.05%

STOXX Europe 600 Net Return (SXXR)	9.99%	8.79%	15.80%	-10.64%	24.91%	-1.99%	182.14%
MSCI Europe Net Return (NDDLE15)	10.17%	7.75%	14.30%	-8.54%	22.61%	-2.21%	175.74%

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.

Lancaster European Equity Details

Launch date	October 2012				
	Class A/1	Class C/3	Class D/4	Fund Structure	Cayman Master Feeder: Cayman Ltd, Delaware LP
Redemptions	Monthly	Monthly	Monthly		
Notice Period	60 days	60 days	60 days	Administrator	Morgan Stanley Fund Services
Minimum Investment ¹	\$5,000,000	\$5,000,000	\$200,000,000	Auditor	Ernst & Young
Management Fee	1.00%	0.75%	0.50%	Prime Brokers	Goldman Sachs, Morgan Stanley
Performance Fee	None	10.0% ²	10.0% / 20.0% ³	Legal Advisors (UK)	Schulte Roth & Zabel
Lockup Period	None	None	1 Year	Legal Advisors (US)	Schulte Roth & Zabel
Subscriptions	Monthly	Monthly	Monthly	Legal Advisors (Cayman)	Walkers
Gate	None	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

¹ Minimum net capital contribution

² Subject to index hurdle and payable over multiple years – please see offering documents

³ Subject to index hurdle. 10% fee on initial 3% of relative outperformance, 20% fee on relative outperformance above 3%

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