

Lancaster European LS Equity

February 2025

The fund's net return was 0.27% for February. The short book had a strong month with good alpha but the portfolio was held back by a weak month on the long side of the fund. The key positive contributor on the short side was our position in a Swiss energy metering company which profit warned. We also benefitted from weakness in a US construction name which lost us money in 2024. While there were no significant losses at the single stock level in the long book, 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 longs, 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 longs which have had a weak start to the year, most notably Campari, as well as our recently initiated holding in DHL.

Performance (net)

Return on month	0.27%
Return YTD	2.02%
1 year return	5.50%
3 year return	32.26%
5 year return	92.21%
10 year return	122.34%

Trailing CAGR (net)

3 year	9.77%
5 year	13.96%
10 year	8.32%

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

Exposure

Gross	143.9%
Net	55.2%
Long	99.6%
Short	-44.3%

Portfolio Characteristics

Long position count	32
Short position count	23
Gross leverage method	2.0
Commitment leverage method	1.4

Top 3 Positive Contributors

Bankinter
ArcelorMittal
Information Technology (short)

Top 3 Negative Contributors

JD Sports Fashion
Spectris
Glencore

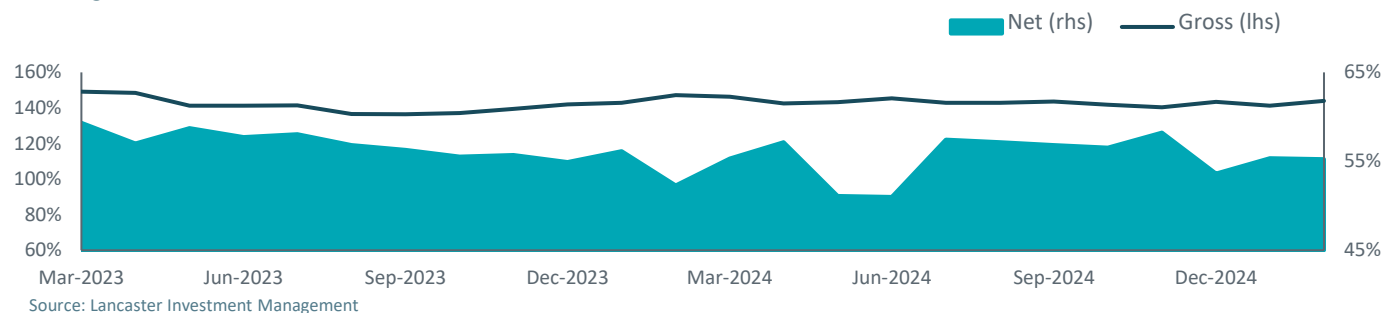
Top 5 Longs

Spectris	5.7%
Howden Joinery	4.8%
Next	4.3%
Signify	4.3%
Weir Group	4.2%
Total	23.4%

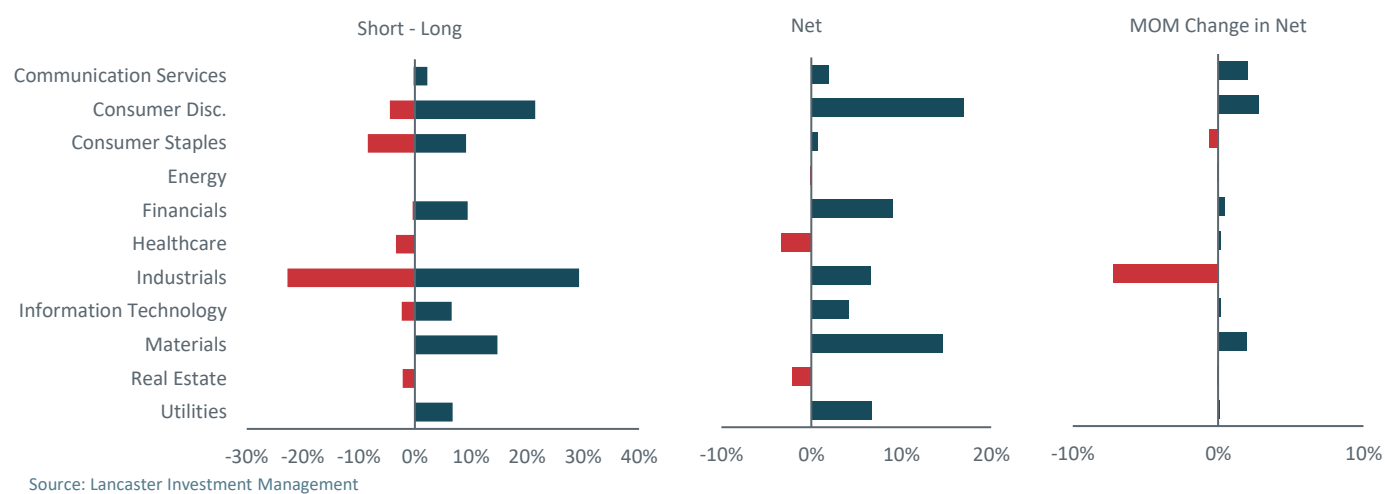
Top 5 Shorts

Industrial	-3.2%
Consumer Staple	-2.7%
Industrial	-2.6%
SPX Option	-2.5%
Consumer Staple	-2.5%
Total	-13.4%

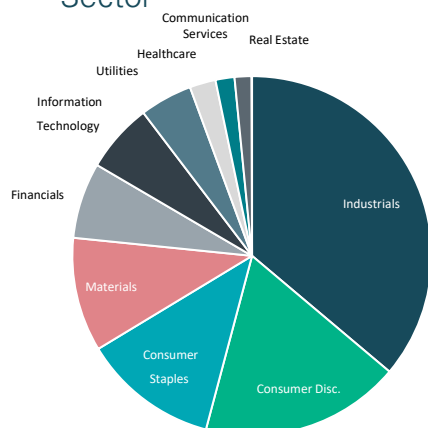
Rolling 24 Month Gross and Net Exposures



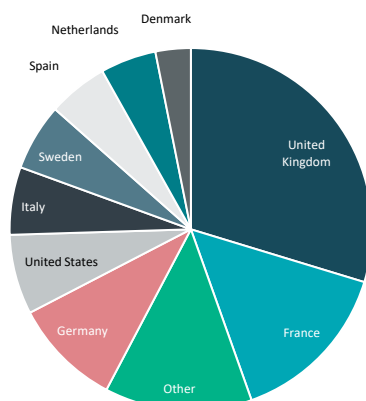
Sector Exposure



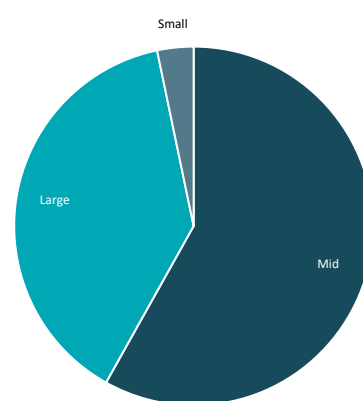
Sector



Country



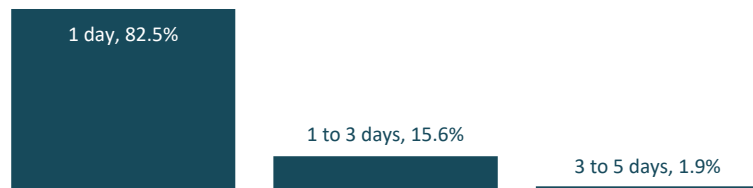
Market Cap



Source: Lancaster Investment Management

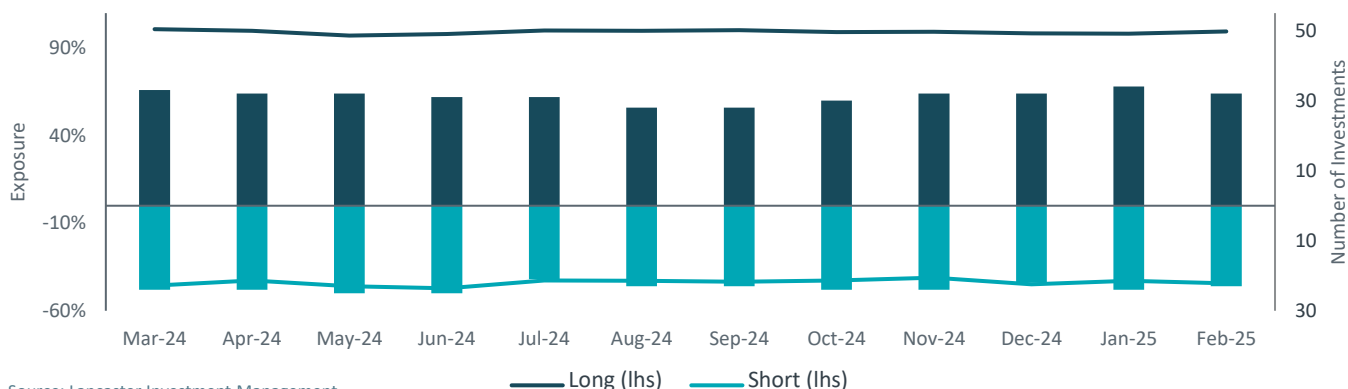
Charts for illustrative purposes only

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
2025	1.75%	0.27%											2.02%

	YTD	2024	2023	2022	2021	2020	Inception
Lancaster European LS Equity	2.02%	1.52%	24.23%	4.88%	17.27%	8.64%	266.80%

STOXX Europe 600 Net Return (SXXR)	9.99%	8.79%	15.80%	-10.64%	24.91%	-1.99%	177.96%
MSCI Europe Net Return (NDDLE15)	10.17%	7.75%	14.30%	-8.54%	22.61%	-2.21%	162.69%

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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