LANCASTER
INVESTMENT MANAGEMENT

Lancaster European Equity

June 2025

The fund's net return was 5.52% in June versus the SXXR at -1.22%. Portfolio returns were largely driven by competing takeover offers for one of our largest and longest standing positions, Spectris. We have long found the valuation of this high-tech instrument, test equipment and software company – a global business that happens to be UK listed – anomalous, and it was pleasing to see private equity recognise this. Advent's offer at an 85% premium was trumped by KKR's at 100%. These stark numbers do not translate into particularly egregious multiples, such was Spectris's lowly valuation, and we expect whoever buys the company (the bid battle is not yet concluded) to make an attractive IRR. We chose to sell our position through the terms of the KKR offer, shortly after month end, and reinvest the proceeds elsewhere; it is far from our only investment where we see a large valuation disconnect. While Spectris contributed almost 400bps to June performance, there was good alpha produced elsewhere in the portfolio. Flutter Entertainment, a name we bought during the 'Liberation Day' sell-off, was a strong contributor, as was Autoliv. Autoliv announced a new $2.5bn share buyback, compared to an $8bn market cap, a reflection in our view of its increased market dominance and pricing power. On the negative side, our spirits positions continued to struggle as tariff negotiations continued, both with the US and China. We continue to believe in a cyclical recovery for these names, and while tariffs remain an uncertainty, the long track record of successful premiumisation in this sector reassures us that the consumer can be trained to accept price increases over time. We see an attractive medium to long term investment opportunity, albeit with more heightened short term uncertainty than is typical; we reflect this through sizing.

Performance (net)

	Fund	STOXX*	MSCI*
Return on month	5.52%	-1.22%	-0.71%
YTD return	14.20%	8.78%	9.39%
1 year return	16.67%	8.71%	7.93%
3 year return	68.27%	44.01%	42.56%
5 year return	144.97%	70.58%	67.04%
10 year return	167.25%	84.44%	93.85%

Trailing CAGR (net)

	Fund	STOXX*	MSCI*
3 year	18.94%	12.93%	12.55%
5 year	19.63%	11.27%	10.81%
10 year	10.33%	6.31%	6.84%

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

Exposure

Cash	1.0%
Average market cap ($ millions)	15,565
Number of positions	35

Leverage

Gross method	1.8
Commitment method	1.0

Top 3 Positive Contributors

Spectris
Flutter Entertainment
Autoliv

Top 3 Negative Contributors

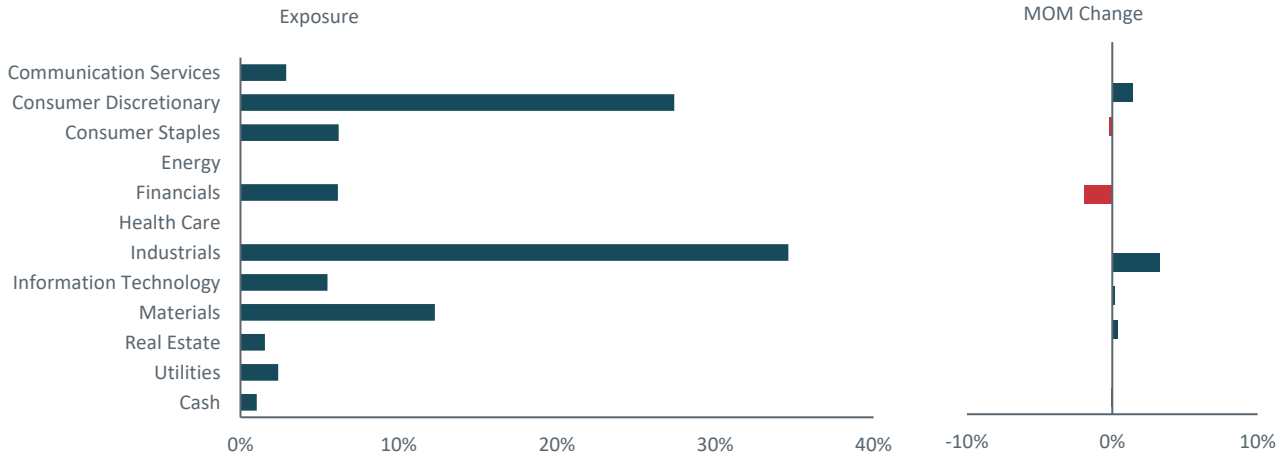
Michelin
Remy Cointreau
Croda International

Top 5 Longs

Howden Joinery	5.1%
DHL	4.8%
Michelin	4.5%
Signify	4.5%
Spectris	4.5%
Total	**23.5%**

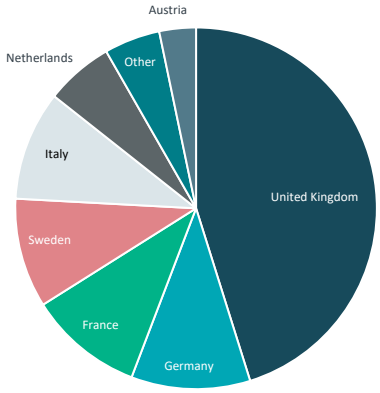
* STOXX Europe 600 Net Return (SXXR), MSCI Europe Net Return (NDDLE15)

Sector Exposure

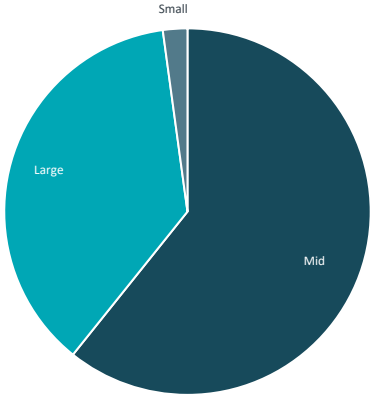


Source: Lancaster Investment Management

Country Exposure

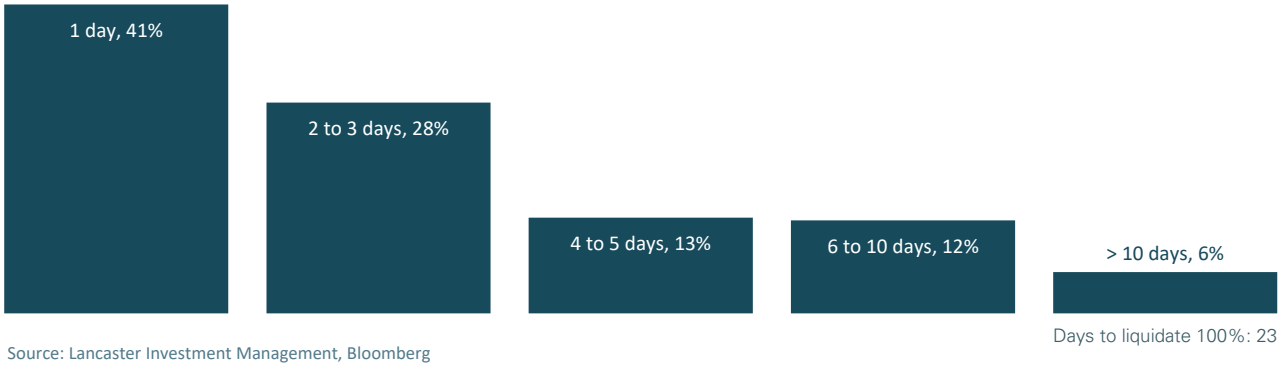


Market Cap



Source: Lancaster Investment Management

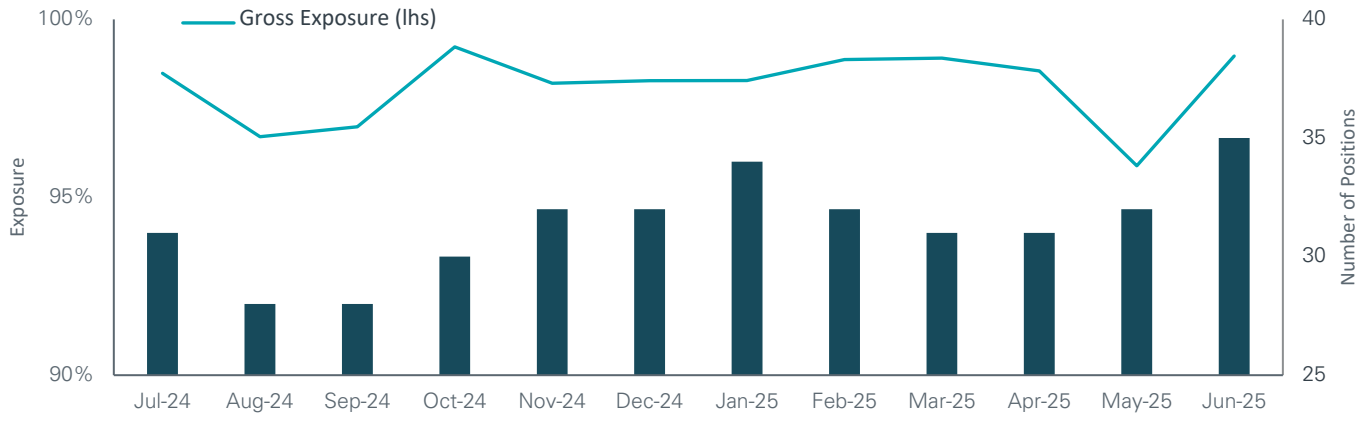
Liquidity



Source: Lancaster Investment Management, Bloomberg

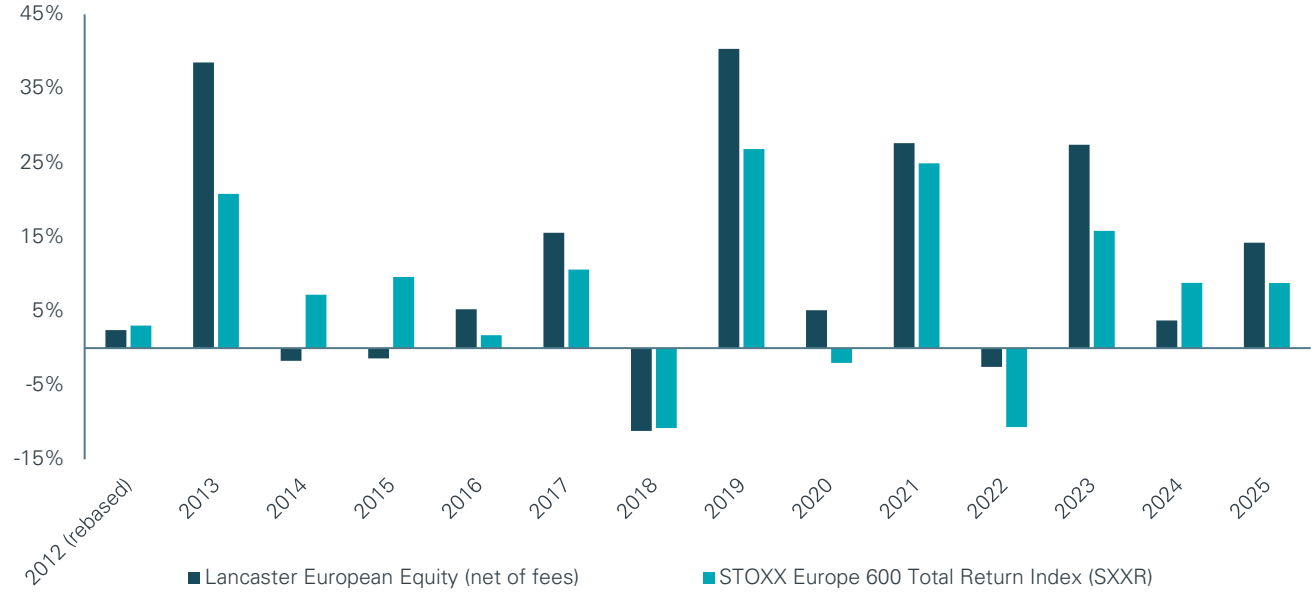
Graphs for illustrative purposes only

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%	-5.02%	1.92%	7.09%	5.52%							**14.20%**

	YTD	2024	2023	2022	2021	2020	Inception
Lancaster European Equity	14.20%	3.72%	27.41%	-2.53%	27.62%	5.11%	**311.36%**
STOXX Europe 600 Net Return (SXXR)	8.78%	8.79%	15.80%	-10.64%	24.91%	-1.99%	**179.05%**
MSCI Europe Net Return (NDDLE15)	9.39%	7.75%	14.30%	-8.54%	22.61%	-2.21%	**173.77%**

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.

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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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