



Lucille Capital

Letter to Limited Partners: Q4 2025

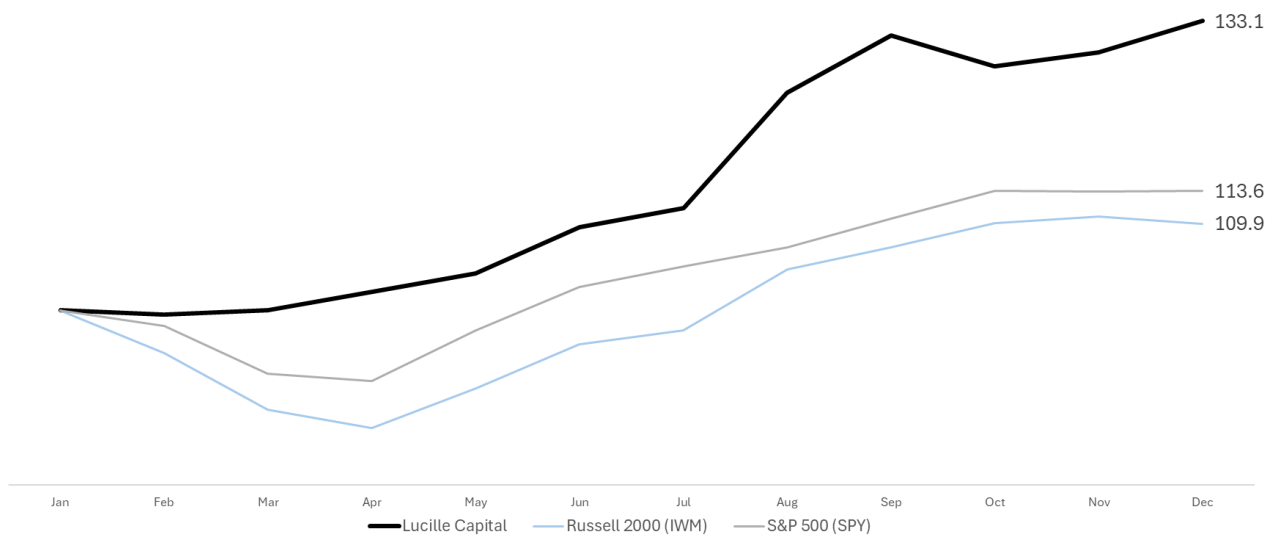
Good returns in the rearview, focused on the road ahead

Dear Partners,

We are pleased to share our year-end update for Lucille Capital. Since inception, the portfolio has generated attractive returns net of fees while remaining focused on disciplined capital allocation and downside-aware positioning. Looking ahead, our emphasis remains on preserving capital while selectively deploying it into compelling risk-adjusted opportunities.

Year-End Performance Overview (Net of Fees)

Monthly performance relative to benchmarks is summarized below. Monthly net returns rebased to 100 at inception.



Monthly Performance Net of Fees:

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2025 Lucille Capital	-0.5%	0.6%	2.1%	2.1%	5.1%	2.0%	11.9%	5.2%	-2.7%	1.3%	2.8%	33.1%	
Russell 2000 (IWM)	-4.9%	-6.9%	-2.3%	5.2%	5.5%	1.7%	7.2%	2.3%	2.6%	0.7%	-0.7%	9.9%	
S&P 500 (SPY)	-1.8%	-5.6%	-0.9%	6.3%	5.1%	2.3%	2.1%	3.1%	2.9%	-0.1%	0.1%	13.6%	

All returns are net of management fees, incentive allocation, and fund expenses.

During the fourth quarter, portfolio performance benefited meaningfully from the announced acquisition of **TreeHouse Foods (THS)**, our largest position. The transaction validated the thesis we outlined in our prior letter: that the company's strategic assets, scale in private-label manufacturing, and repositioned portfolio made it an attractive acquisition candidate, in addition to offering compelling standalone value.

Process in Practice

Throughout 2025, we deliberately maintained an elevated average cash balance, typically exceeding 50%. This served two purposes: protecting capital during periods where opportunity sets were thin, and ensuring ample dry powder when the risk/reward skewed decisively in our favor. We concentrated capital only where downside was clearly bounded and catalysts were identifiable.

We selectively used options to enhance asymmetry, risking small amounts of capital for potentially outsized outcomes, while ensuring that no single position could impair the portfolio. This discipline of patience, selective concentration, and asymmetry remains central to our approach.

Our top contributors during the year included EchoStar (SATS), TreeHouse Foods (THS), nLIGHT (LASR), Telesat (TSAT), Gilat Satellite (GILT), Desktop Metal (DM), and Markforged (MKFG). Our largest loss came from Sarepta (SRPT).

Investment Case Study: TreeHouse Foods (THS)

We initially built our position in TreeHouse Foods well before acquisition rumors emerged, based on our assessment that the market was significantly undervaluing the company's normalized earnings power and strategic importance. Private-label food continues to gain share as consumers seek value without sacrificing quality, a dynamic that tends to strengthen during periods of economic uncertainty.

TreeHouse's national manufacturing footprint, long-standing retail relationships, and portfolio repositioning toward higher-growth categories made it a scarce asset in a consolidating industry. At our entry prices, we viewed the setup as asymmetric: downside was limited by resilient private-label demand, while upside existed through either earnings normalization or strategic interest from financial or strategic buyers.

The announced acquisition during the fourth quarter validated this thesis.

Investment Opportunities

We continue to systematically evaluate misunderstood, deep-value opportunities, particularly those undergoing corporate, regulatory, or industry-specific transitions.

One such opportunity is **Anterix (ATEX)**, a company focused on leasing and selling 900 MHz wireless spectrum to U.S. electric utilities. The company is an underfollowed, niche spectrum play, with activist shareholder involvement. The CEO has also recently purchased shares. Shares have declined materially amid delays in customer announcements and the emergence of a potential competitor.

We believe the current valuation reflects an overly conservative view of the spectrum's intrinsic value and fails to account for several potential catalysts over the next 12–18 months, including anticipated FCC approval to expand usable spectrum and the signing of new utility partnerships.

More broadly, we view power-grid modernization as a durable investment theme. Electrification, AI-driven data center demand, and grid reliability constraints make upgrades to utility communications infrastructure a strategic necessity. In our view, Anterix's licensed spectrum represents the most robust solution available.

Looking Ahead

As we begin the year, we see a growing pipeline of opportunities that meet our investment criteria. With meaningful capacity remaining, we welcome partnerships with investors who share our long-term, fundamentals-driven philosophy.

Our priority remains unchanged: protect capital first, and compound it over time through disciplined, research-intensive investing. We believe our focus on patience and selective aggression positions us well to navigate both opportunity-rich and volatile markets ahead, consistent with how we have managed the portfolio to date.

Thank you for your continued trust and support. We look forward to the year ahead.

Best regards,

Daniel Miller

dmiller@lucillecapital.com

Managing Partner, Lucille Capital

Disclosures

Investment in Lucille Capital LP is subject to risk, including the risk of permanent capital loss. The Fund may experience greater volatility and drawdowns than broad market indexes. An investment in Lucille Capital is intended for long-term, patient investors with higher risk tolerance and should not be considered a complete investment program. Prospective limited partners should carefully evaluate their financial circumstances and ability to tolerate volatility before investing.

While Lucille Capital Management LLC believes the data and statements presented in this letter are accurate, it does not guarantee the absence of errors in calculation, transcription, or analysis. This letter does not constitute an offer to sell or a solicitation to buy any security or investment product, nor should it be construed as investment advice.

Performance Notes

Net performance reflects a typical limited partner account under Lucille Capital's standard fee structure, inclusive of all fund expenses, management fees, and performance-based allocations. Actual performance may vary for individual partners based on specific fee arrangements or timing of capital contributions.

Performance figures are calculated by NAV Consulting, Inc. Year-to-date returns are unaudited and subject to revision upon the completion of the Fund's annual audit. Lucille Capital LP's fiscal year ends December 31.

Contact

We welcome inquiries from prospective partners and interested parties. Please feel free to reach out to: Daniel Miller at dmiller@lucillecapital.com